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Senate Report

No. 216



IRAN-CONTRA INVESTIGATION

APPENDIX B, VOLUME 13

DEPOSITIONS

United States Congressional Serial Set

Serial Number 13754

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 13
Depositions

Daniel K. Inouye, *Chairman*,
Senate Select Committee
Lee H. Hamilton, *Chairman*,
House Select Committee

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

November 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.

November 17, 1987.—Ordered to be printed.

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SELECT COMMITTEE ON SECRET MILITARY
 ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
 WASHINGTON, DC 20510-6480

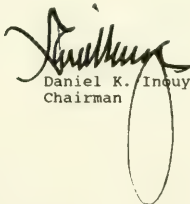
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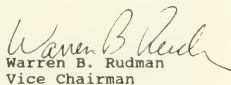
Honorable John C. Stennis
 President pro tempore
 United States Senate
 Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,


 Daniel K. Inouye
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COVERT ARMS TRANSACTIONS WITH IRAN

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March 1, 1988

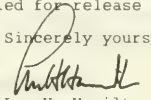
The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,


Lee H. Hamilton
Chairman

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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or “use” immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees’ staff in the course of the Select Committees’ investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original

exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the Senate and House Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair,
1 volume, 1987.

Appendix A: *Source Documents*, 2 volumes, 1988.

Appendix B: *Depositions*, 27 volumes, 1988.

Appendix C: *Chronology of Events*, 1 volume, 1988.

Appendix D: *Testimonial Chronology*, 3 volumes, 1988.

All publications of the Select Committees are available from the U.S.
Government Printing Office.

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Committee Hearings
of the
U.S. HOUSE OF REPRESENTATIVES



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Deposition of Albert Hakim

House Select Committee to
Investigate Covert Arms
Transactions with Iran, jointly
with the Senate Select Committee
on Secret Military Assistance to Iran
and the Nicaraguan Opposition

Monday, April 20, 1987

Declassified/Released on 6 JAN 88
under provisions of E.O. 12356
by Johnson, National Security Council

The deposition of Albert Hakim was convened in the law
offices of Paul, Weiss, Rifkind, Wharton & Garrison, 199,
Boulevard Saint-Germain, 75007, Paris, France at 10:05 a.m.
Present were:

Representative Dick Cheney, on behalf of the House Select
Committee to Investigate Covert Arms Transactions with Iran,
and Senator James A. McClure, on behalf of the Senate Select
Committee on Secret Military Assistance to Iran and the
Nicaraguan Opposition.

On behalf of the House Select Committee to Investigate
Covert Arms Transactions with Iran: John Nields, Chief Counsel;
George Van Cleve, Deputy Minority Counsel; James J. Black,
Investigator.

On behalf of the Senate Select Committee on Secret

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1 Military Assistance to Iran and the Nicaraguan Opposition:
2 Cameron H. Holmes, Associate Counsel; Louis Zanardi, Inves-
3 tigator; John Cronin, Chief Accountant.

4 On behalf of the witness: N. Richard Janis and Lawrence
5 H. Wechsler, Janis, Schuelke & Wechsler, 1728 Massachusetts
6 Avenue, N.W., Washington, D.C. 20036.

7 Also present via telephone conference call: Representative
8 Lee H. Hamilton, Chairman, House Select Committee to
9 Investigate Covert Arms Transactions with Iran, and Senator
10 Daniel K. Inouye, Chairman, Senate Select Committee on
11 Secret Military Assistance to Iran and the Nicaraguan
12 Opposition.

13 Also Present: Joseph S. Iseman, Paul, Weiss, Rifkind,
14 Wharton & Garrison, 199, Boulevard Saint-Germain, 75007,
15 Paris, France.

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DINKEL/mag

10:05 a.m.

1 MR. HAMILTON: We are waiting.

2 MR. NIELDS: The first item of business is to swear
3 the witness.

4 MR. CHENEY: We are here today to convene a joint
5 meeting of the House and Senate Select Committees on the
6 Iranian matter and to take testimony from one Albert Hakim.

7 I would like to begin, first of all, on behalf of
8 the House Committee by swearing the witness. I would ask
9 Mr. Hakim to stand and respond to the following oath.

10 (The witness was sworn by Mr. Cheney.)

11 SENATOR MCCLURE: May I, on behalf of the Senate
12 Committee, administer the same oath, Mr. Hakim?

13 (The witness was sworn by Senator McClure.)

14 Whereupon,

15 ALBERT HAKIM

16 was called as a witness and, having been duly sworn, was
17 examined and testified as follows:

18 EXAMINATION

19 BY MR. NIELDS:

20 Q Mr. Hakim, this is a joint proceeding being
21 conducted by the Select Committee to Investigate Covert Arms
22 Transactions with Iran of the United States House of
23 Representatives and the Select Committee on Secret Military
24 Assistance to Iran and the Nicaraguan Opposition of the
25 United States Senate.

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1 The House Select Committee proceeding is a
2 deposition conducted pursuant to Committee Rule 7, and the
3 Honorable Dick Cheney, the committee's ranking minority
4 member, is presiding.

5 The Honorable Lee H. Hamilton, Chairman of the
6 House Select Committee, is listening to this deposition on
7 a speaker phone telephone hook-up and is prepared to make
8 rulings over the speaker phone if it becomes necessary to
9 do so.

10 Mr. Chairman, can you hear us?

11 MR. HAMILTON: We can hear you, John, only faintly.
12 I think it would help if you speak up.

13 MR. NIELDS: I will talk louder, and I will ask
14 others to do the same.

15 MR. HAMILTON: That is much better.

16 MR. NIELDS: The Senate Select Committee proceeding
17 is a hearing being conducted pursuant to its rules with the
18 Honorable James A. McClure presiding.

19 The Honorable Daniel K. Inouye, Chairman of the
20 Senate Select Committee, is also listening to this deposition
21 on a speaker phone telephone hook-up and is also prepared
22 to make rulings over the speaker phone if it becomes
23 necessary to do so.

24 Mr. Chairman, can you also hear me?

25 SENATOR INOUE: Yes, I can hear you very clearly.

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1 MR. NIELDS: Thank you.

2 I am John Nields, Jr., Chief Counsel of the House
3 Select Committee, and by written authorization of Chairman
4 Inouye, I am authorized to ask questions on behalf of both
5 committees simultaneously.

6 The House Committee is also represented by George
7 Van Cleve and the Senate Committee by Cameron Holmes, both
8 of whom are in the room with us.

9 I am marking for the record as Exhibits 1 and 2 of
10 this deposition copies of subpoenas issued by each committee
11 to you, Mr. Hakim, and I will ask your attorney, Richard
12 Janis, whether Mr. Hakim authorized the firm of Janis,
13 Schuelke & Wechsler to accept service of these subpoenas in
14 the United States, whether the firm has, in fact, accepted
15 service of these subpoenas, and whether Mr. Hakim is
16 testifying today pursuant to these subpoenas.

17 MR. JANIS: The answer to all your questions,
18 Mr. Nields, is yes.

19 (Exhibit Nos. 1 and 2 were
20 marked for identification.)

21 BY MR. NIELDS:

22 Q Mr. Hakim, these committees are inquiring into
23 the sale of TOW missiles and Hawk missile spare parts by the
24 United States to agents and officials of the government of
25 Iran.

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1 Specifically, the committees want to know what
2 happened to the money paid for those missiles.

3 Do you have any knowledge of such transactions?

4 A On the advice of counsel, I must respectfully
5 decline to answer that question on the basis of my rights
6 under the Fifth Amendment to the Constitution of the United
7 States.

8 Q Mr. Hakim, the committees are inquiring also into
9 the source of funds which supported the military efforts of
10 the anti-government forces in Nicaragua.

11 Do you have any knowledge concerning the source of
12 funding for those efforts?

13 A On the advice of counsel, I must respectfully
14 decline to answer that question on the basis of my rights
15 under the Fifth Amendment of the Constitution of the United
16 States.

17 Q Mr. Hakim, do you have an interest in a company
18 called Lake Resources?

19 A On the advice of counsel, I must respectfully
20 decline to answer that question on the basis of my rights
21 under the Fifth Amendment to the Constitution of the United
22 States.

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23 Q Mr. Hakim, do you have an interest in any of the
24 following companies: Energy Resources; Hyde Park Square;
25 Gulf Marketing Consultants; Dolmy Business; Ucall; Albon

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1 Values; or ToyCo.

2 A On the advice of counsel, I must respectfully
3 decline to answer that question on the basis of my rights
4 under the Fifth Amendment to the Constitution of the United
5 States.

6 Q Do you know whether any banking records of these
7 companies exist other than in the possession of a bank?

8 A On the advice of counsel, I must respectfully
9 decline to answer that question on the basis of my rights
10 under the Fifth Amendment to the Constitution of the United
11 States.

12 Q Do you have access to any records relating to
13 monies contributed for the purpose of aiding anti-government
14 forces in Nicaragua?

15 A On the advice of counsel, I must respectfully
16 decline to answer that question on the basis of my rights
17 under the Fifth Amendment to the Constitution of the United
18 States.

19 Q Do you have access to any records relating to the
20 proceeds from sales of arms by the United States to Iran?

21 A On the advice of counsel, I must respectfully decline
22 to answer that question on the basis of my rights under the
23 Fifth Amendment to the Constitution of the United States.

24 Q Can you identify any bank accounts into which such
25 monies were put either directly or indirectly?

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1 A On the advice of counsel, I must respectfully
2 decline to answer that question on the basis of my rights
3 under the Fifth Amendment to the Constitution of the United
4 States.

5 MR. NIELDS: At this time, I would request that
6 the presiding officer of this deposition communicate to the
7 witness an order of immunity issued pursuant to Title XVIII
8 United States Code Section 6000 and sections following 6001
9 so that we may obtain answers to these questions.

10 MR. CHENEY: Mr. Hakim, I am hereby communicating
11 to you an order issued by the United States District Court
12 for the District of Columbia, at the request of the House
13 Select Committee to Investigate Covert Arms Transactions
14 with Iran, providing that you may not refuse to provide any
15 evidence to this committee on the basis of your privilege
16 against self-incrimination, and providing further that no
17 evidence or other information obtained under the order -- or
18 any information directly or indirectly derived from such
19 evidence -- may be used against you in any criminal
20 proceeding.

21 I, therefore, direct you to answer the questions
22 put to you.

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23 MR. NIELDS: At this time, I would like to mark
24 as deposition Exhibit No. 3 the order which the --
25 Mr. Cheney, the presiding officer, has just communicated to

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1 the witness.

2 MR. JANIS: Congressman Cheney, I am instructing
3 my client to continue to refuse to respond to those
4 questions.

5 You are seeking to compel Mr. Hakim to testify
6 as to whether he has an interest in various companies and
7 control over their banking records, if there are any.

8 If Mr. Hakim admits an interest in any of those
9 companies and then admits that he has access to banking or
10 other records, this committee will, in turn, use those
11 answers to compel him to identify and to produce banking or
12 other records.

13 Thus, Mr. Hakim will not receive protection
14 coextensive with the Fifth Amendment, nor will his Fifth
15 Amendment rights be protected unless not only his
16 testimony about the records but also the records themselves
17 and any information directly or indirectly derived from the
18 records are also covered by the immunity order.

19 MR. NIELDS: I would request a ruling from the
20 Chairman at this time on the objection of Mr. Janis.

21 MR. HAMILTON: The order as the immunity statute
22 provides not only that Mr. Hakim's testimony may not be used
23 against him, but also that any other information directly or
24 indirectly derived from his testimony may not be used against
25 him.

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1 Other information is defined in the statute,
2 Section 6001(2), to include any book, paper, document, record
3 or other material. The immunity order, therefore, applies
4 not only to his testimony but also to any documents,
5 including banking records which he discloses through his
6 testimony or admits are in existence and under his control
7 and which the committee directs him to produce as a result.

8 Since no direct or indirect use may be made in any
9 criminal case of Mr. Hakim's testimony or the banking or other
10 records derived from the testimony given under the direction
11 of the committee, nor may any use be made of the records
12 themselves or of any information derived directly or
13 indirectly from the records themselves, pursuant to the
14 authority vested in ^{me}~~my~~ by the Committee Rule 7.4, I direct
15 Mr. Hakim to answer the questions put to him at this
16 hearing.

17 MR. NIELDS: I would ask that the presiding
18 officer of the hearing being conducted by the Senate
19 Committee -- that is Senator McClure -- likewise communicate
20 to the witness an order of immunity issued under Title XVIII,
21 Section 6001 and sections following.

22 SENATOR MCCLURE: I, James A. McClure, have been
23 designated by Chairman Daniel K. Inouye to serve as acting
24 chairman for this executive session.

25 I concur in Chairman Hamilton's ruling made on

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1 behalf of the House Committee.

5 MR. NIELDS: The Chairman of the Senate Committee
6 is also on the speaker phone, and I would ask whether he also
7 concurs in that ruling.

15 On behalf of the Senate Select Committee, I concur
16 with Chairman Hamilton's ruling on your objection and the
17 reason he cites for his ruling.

21 MR. NIELDS: We will pause briefly while the House
22 immunity order is marked Exhibit 3, the Senate immunity
23 order is marked Exhibit 4, and a letter designating
24 Senator McClure as acting chairman is marked Exhibit 5.

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(Exhibit Nos. 3, 4, and 5 were
marked for identification.)

BY MR. NIELDS:

Q The exhibits have been marked.

Mr. Hakim, do you have any knowledge about the
source of funds raised for the purpose of aiding anti-
government forces in Nicaragua?

A Yes.

Q Do you have any knowledge about the disbursement of
those funds on behalf of the anti-government forces in
Nicaragua?

A Yes.

Q Do you have any knowledge about the receipt of
proceeds of the sale of TOWs and Hawk spare parts to Iran?

A Yes.

Q Do you have any knowledge about the expenditure
of proceeds of the sale of TOWs and Hawk spare parts to Iran?

A Yes.

Q Do you have any knowledge about the expenditure
of funds with regard to efforts to re-establish relations
between the United States and Iran and to obtain the release
of United States hostages in Lebanon?

A Yes.

Q With respect to the source of funds raised for the
purpose of aiding anti-government forces in Nicaragua,

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1 do you have specific knowledge of bank deposits?

2 A Yes.

3 Q With respect to the disbursement of money raised
4 for the purpose of aiding anti-government forces in Nicaragua,
5 do you have specific knowledge of bank disbursements?

6 A Yes.

7 Q With respect to the receipt of proceeds of the
8 sale of TOWs and Hawk spare parts to Iran, do you have
9 specific knowledge of bank deposits?

10 A Yes.

11 Q With respect to the receipt of proceeds of the sale
12 of TOWs and Hawk spare parts to Iran, do you have specific
13 knowledge of bank disbursements?

14 A Yes.

15 Q With respect to efforts to re-establish relations
16 between the United States and Iran and to obtain the release
17 of U.S. hostages in Lebanon, do you have specific knowledge of
18 bank disbursements?

19 A Yes.

20 Q Can you tell us about specific deposits of which
21 you are aware that were made for the purpose of aiding anti-
22 government forces in Nicaragua or as proceeds of the sale of
23 TOWs and Hawk spare parts to Iran?

24 A Yes.

25 Q Would you please do so?

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1 A The following deposits were made on or about the
2 following dates: 21st December 1984, Bank American
3 International, New York, \$425,000 -- this amount is from
4 Bank of America International New York, 7/1/85, from
5 American Express, Miami -- January 7, 1985, from American
6 Express, Miami, \$96,450 -- that is dollars; January 16,
7 1985, American Express, New York, \$337,000; January 17, 1985,
8 SBS, Zurich, \$326,545; January 29, 1985, American Express,
9 Miami, \$138,000; March 5, 1985, Barclay's Bank, Miami,
10 \$1,200,000; on or about March 14, 1985, Barclay's Bank,
11 Miami, \$500,000; 29th of March, 1985, Barclay's Bank, Geneva,
12 \$3 million; April 23, 1985, Barclay's Bank, Miami, \$1,200,000;
13 May 2, 1985, Barclay's Bank, Geneva, order Mr. -- I spell it
14 D-U-C-O-M-M-U-N -- \$246,600; April -- May 21, 1985, Barclay's
15 Bank, Miami, \$80,243; May 31, Barclay's Bank, Miami,
16 \$300,000; July 5, 1985, Barclay's Bank, Miami, \$550,000;
17 July 18, 1985, SBS Geneva, \$950,000; and on September 20, 1985,
18 from order Sam Loew/Manufacturers Hanover Trust, New York,
19 \$1 million; September 23, 1985, I believe, from National Bank,
20 Washington, firm IBS, International -- IBC, sorry -- IBC
21 International Business Communication, \$130,000; October 11,
22 I.C., Inc. -- that is 1985 -- I.C., Inc., Barclay's Bank,
23 Geneva, \$100,000; November 4, 1985, I believe, from IBC
24 Barclay's Bank through IBC -- through I.C. -- that is I.C.,
25 Inc., the one I mentioned before -- \$150,000; November 18,

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1 1985, IC, Inc., Barclay's Bank, Geneva, \$48,000; November 20,
2 1985, there is a payment which I believe is related to the
3 TOWS through Israel, Credit Suisse, Geneva, \$1 million.

4 Q Could that be Hawks through Israel?

5 A Possible, possible.

6 Q Okay.

7 A December 17, 1985, IBC through UBS, Zurich, from --
8 the amount is \$300,000. I believe it could probably be from
9 IBC, and I mentioned that it was from UBS, Zurich.

10 Now, January 10, 1986, again, I believe, IBC
11 through National Bank, Washington, and UBS, Zurich, \$60,000;
12 January 22, 1986, again, I believe, from IBC Barclay's
13 Bank, Georgetown, probably through I.C., \$360,000; on
14 February 7, 1986, I believe, from Mr. Khashoggi, a check
15 through BCCI Monte Carlo, \$2,500,000; on February 10, 1986,
16 again, I believe, from Mr. Khashoggi, a check from Chase
17 New York for \$2,500,000; February 18, again, I believe,
18 Mr. Khashoggi, two checks -- that is 1986, again -- two
19 checks BCCI, \$5 million; on February 18, 1986, order of
20 Sam Loew/Manufacturers Hanover Trust, New York, \$1 million.

21 On May 14, 1986, I believe Mr. Khashoggi again,
22 order Trivert -- T-R-I-V-E-R-T -- International/Credit Suisse,
23 \$10 million; on May 15, 1986, Discount Bank and Trust,
24 Geneva, \$225,000; May 16, 1986, I believe, again,
25 Mr. Khashoggi, order Garnet -- G-A-R-N-E-T -- overseas,

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1 check BCCI, Paris, \$5 million; May 18, 1986, Discount
2 Bank and Trust, Geneva, \$1,460,000; on September 24, 1986,
3 order Overseas Trading Consultant, Ltd., UBS, Zurich,
4 \$1,200,000; on October 29, 1986 -- this was directly from the
5 Iranians -- a check -- this is the -- what is referred to as
6 the second channel, the check on Deutsch Bank, Frankfurt,
7 for \$3,600,000.

8 And there are other payments on April 10, 1985 from
9 Barclay's Bank, Miami, order Mr. D-U-C-O-M-M-U-N \$2 million;
10 on April 15, 1986, I believe it is IBC from I.C., Inc.,
11 Barclay's Bank, New York, \$649,852; this August 21, 1985 from
12 Colorado National Bank, Denver, order Joseph or Holly Coors,
13 \$65,000; on September 3, 1985, from Credit Suisse, New York,
14 order STE General Strauss Turnbull -- T-U-R-N-B-U-L-L --
15 I believe it is a London bank -- \$2,400; on October 23, 1986,
16 from Canadian Imperial Bank, Geneva --

17 Q 1986 or 1985?

18 A 1986.

19 This is from Canadian Imperial Bank; Geneva,
20 Rainbow Star -- no, Star Licensing S.A., \$2,525.

21 All these total up to \$47,726,015, and there is also
22 an accumulation of interest which totals to \$260,585, and the
23 total of deposits plus interest is \$47,963,200, approximately.

24 The press has reported that on or about August 19
25 or 20, 1986, the Sultan of Brunei deposited \$10 million for

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1 the benefit of the contras.

2 Although I was told that a deposit of such an
3 amount would be made without identifying the source, and
4 although our planning was made on the understanding that such
5 a deposit would be forthcoming, and although I continued
6 to inquire about the deposit and was told it would be coming,
7 no such monies were ever received so far as I am aware, and
8 I have no knowledge about the disposition of any such funds.

9 Q Mr. Hakim, can you tell us about specific payments
10 made on behalf of anti-government forces in Nicaragua
11 or with respect to the sale of TOWs and Hawk spare parts
12 to Iran or with respect to efforts to re-establish relations
13 between the United States and Iran and to guarantee release of
14 U.S. hostages in Lebanon?

15 A Yes.

16 Q Would you please do so in a summary form and maybe
17 some examples?

18 A To the best of my ability to reconstruct the
19 transactions which were complicated and done in order to try
20 to adhere to the instructions I received to try to maintain
21 operational secrecy, approximately \$40,190,000 was disbursed
22 or transferred, including disbursements to me -- the amount,
23 I repeat again, is \$40,190,000.

24 MR. CHENEY: 109?

25 THE WITNESS: Yes.

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1 BY MR. NIELDS:

2 Q Okay.

3 A Was disbursed or transferred. That includes
4 disbursements to me or paid in bank fees.

5 In addition, approximately \$1,236,000 remains in
6 bank accounts, and approximately \$6,527,000 is currently on
7 deposit on my behalf with a Swiss fiduciary.

8 By way of example, after sorting through these
9 complicated transactions, my best analysis is that, one,
10 \$12,237,000 was disbursed to account number [REDACTED]
11 [REDACTED] which I believe is or was an account maintained
12 in Switzerland by the U.S. Central Intelligence Agency.

13 Two, \$11,234,598 was disbursed to account
14 number [REDACTED] at SBS Geneva, which I believe to be an account
15 maintained by a Portuguese arms supplier, Defex.

16 Three, \$3,264,596 was --

17 Q Would you repeat that number?

18 A \$3,264,596 was disbursed to Southern Air
19 Transport and another \$1,540,325 was disbursed to
20 Amalgamated Commercial Enterprises at Banco de Iberoamerica,
21 Panama, and I believe ACE may be a related company to the
22 Air Transport operation.

23 Four, \$1,579,481 was disbursed to TransWorld Arms,
24 Limited, a Canadian firm, at the Royal Bank of Canada.

25 Five, \$657,304 was paid to EAST, Inc.

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1 Six million, four hundred ninety-two thousand, six
2 hundred and seventy dollars was paid to Captain Arne --
3 A-R-N-E -- his last name H-E-R-U-P, captain of the ship
4 Erria.

5 Seven, an additional \$117,176 was paid to S.A.
6 Chartering APS regarding the same ship, Erria, and 110,318
7 Deutsch marks to Martins Morner and Co., Limited at Midland
8 Bank, London, for insurance on the Erria.

9 Eight, \$226,998 was paid to Arrow Leasing S.A.,
10 Geneva.

11 In addition, by the way, there is an outstanding
12 unpaid invoice from Arrow Leasing for the lease of the plane
13 used in flying hostage David Jacobsen out of Beirut or
14 Cyprus. That invoice is still outstanding, unpaid.

15 Nine, \$200,000 was paid to [REDACTED] at
16 Barclay's Bank in Miami, which I believe represents
17 payments to the Nicaraguan Democratic Force.

18 Ten, \$127,700 was paid to [REDACTED]
19 [REDACTED] a CIA proprietary company that was
20 chartered in November 1985 to deliver Hawks to Iran.

21 Eleven, \$59,500 was paid to [REDACTED]
22 [REDACTED] a contra leader
23 [REDACTED]
24 [REDACTED]

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25 These are some of the examples, as you asked.

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1 Q What is the basis for your specific knowledge of
2 these deposits and disbursements?

3 A I made available to individuals involved in the
4 projects you have described a system of companies and
5 organizations, and I participated in the management and
6 operation of that system for which I authorized disbursements
7 of funds.

8 Q Would you please identify all of those companies?

9 A Lake Resources, Inc.; ToyCo S.A.; Dolmy Business,
10 Inc.; Udall Research, Inc.; Albon Values Corporation; Hyde
11 Park Square Corp.; Gulf Marketing Consultants, Limited; and
12 Engineering Resources International S.A.; and other companies.

13 Q Do you have access to any banking records relating
14 to monies raised for the purpose of aiding anti-government
15 forces in Nicaragua?

16 A Yes.

17 Q Do you have access to banking records relating
18 to the proceeds of sales of arms to Iran?

19 A Yes.

20 Q Do you have access to any banking records relating
21 to efforts to re-establish relations between the United
22 States and Iran and to gain the release of U.S. hostages in
23 Lebanon?

24 A Yes.

25 Q Do you have access to other records necessary to

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1 trace the control and flow of funds relating to monies
2 raised for the purpose of aiding anti-government forces in
3 Nicaragua with respect to the proceeds of sales of arms to
4 Iran and with respect to efforts to re-establish relations
5 between the United States and Iran and to gain the release
6 of U.S. hostages in Lebanon?

7 A Yes.

8 Q Would these records also serve to corroborate
9 your earlier testimony regarding deposits and disbursements?

10 A Yes.

11 Q Do any of the banking or other records you have
12 just acknowledged exist other than in possession of a bank?

13 A Yes.

14 Q What records to which you have access and which
15 would relate to and corroborate for us your testimony and to
16 help us trace the control and flow of funds? Please be
17 specific, including the name of any bank accounts, the account
18 numbers, and the identity of the banks at which the accounts
19 were or are maintained.

20 A I believe that the following records would all be
21 necessary: (a) corporate organization papers, board of
22 director minutes of meetings, and other correspondence and
23 business records of, one, Sci Tech Trading Group, S-C-I
24 T-E-C-H, Trading Group, Inc; two, ^{Defex}~~Defex~~ S.A., and I must
25 point out this is not the same company in Portugal that was

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1 paid for arms. This name was used to create confusion.

2 Three, Stanford Technology Corporation S.A.,
3 Panama; four, Stanford Technology Corporation Services S.A.,
4 Fribourg.

5 Q Go slower.

6 A Okay.

7 Q The last was Stanford Technology?

8 A Corporation Services S.A., ^{Fribourg}~~Fribourg~~, Switzerland.

9 Q Continue.

10 A Five, Albon Value Corporation; six, Dolmy Business,
11 Inc.; seven, Energy Resources International S.A.; eight,
12 Gulf Marketing Consultants, Limited; nine, Hyde Park Square
13 Corporation; ten, Lake Resources, Inc.; eleven, Stantech
14 Services S.A.; twelve, ToyCo S.A.; thirteen, Udall Research
15 Corporation; fourteen, Korel Assets, Inc.

16 (B), bank accounts at Credit Suisse Bank, Geneva
17 of, one, Lake Resources, Inc., account number 386430; two,
18 ToyCo S.A., account number 642804; three, ^{Dolmy}~~Dolmy~~ Business,
19 Inc., account number 207225; four, Udall Research, Inc.,
20 account number 649853; five, Albon Value Corporation,
21 account number 108277; six, Hyde Park Square Corporation,
22 account number 339825; seven, Gulf Marketing Consultants,
23 Limited, account number 311225; eight, Energy Resources
24 International S.A., account number 230774; nine, Stantech
25 Services S.A., account number 618349; ten, and the bank

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1 statements, debit and credit advices, records of transactions,
 2 and deposits and transfers, signature cards, corporate
 3 papers, and other bank forms and account records for each of
 4 those accounts.

5 (C), bank statements, debit and credit advices,
 6 record and transactions and deposits -- it is records of
 7 transactions and deposits and transfers, signature cards,
 8 corporate papers and other bank forms and accounts -- account
 9 records for the following accounts at other banks.

10 One, account number CO-268395 of Energy Resources
 11 International S.A. at Societe de Banc Suisse, Geneva. That
 12 is SBS.

13 Two, account number 2052659 of Stanford
 14 Technology Corporation Services S.A., ^{Fribourg} ~~Freeburg~~, at Trade
 15 Development Bank, Geneva.

16 Three, account number 300518 of Defex S.A. at the
 17 Union de Banc Suisse in ^{Fribourg} ~~Freeburg~~; (d), records prepared and
 18 compiled for me by a Swiss fiduciary company, Compagnie
 19 de Services Fiduciaries, CSF, at my request and in response
 20 to my inquiries, including, one, invoices from CSF; two,
 21 invoices from vendors and suppliers; three, transaction
 22 records with Audifi, S.A., ^{Fribourg} ~~Freeburg~~; four, correspondence;
 23 five, handwritten notes and memos; six, receipts; seven,
 24 annotations and internal records regarding banking trans-
 25 actions; eight, telexes and payment orders; nine, .

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1 reconciliations; ten, debit and credit advices; eleven,
2 internal analysis and summaries prepared for me by CSF
3 regarding transactions undertaken by CSF with the accounts
4 I have previously identified and at other accounts maintained
5 by CSF for itself and its customers; twelve, certain records
6 of the Republic National Bank, New York; thirteen, records and
7 analysis of accounts from and portfolios with CSF Investment,
8 Limited, Bermuda; fourteen, computer-generated summaries
9 and accountings and ledgers; fifteen, other related documents.

10 (E), records of Dolmy Business, Inc., relating to
11 the ship Erria, including, one, summary of the account; two,
12 invoices; three, correspondence; four, employment agreements;
13 five, purchase documents; six, registration documents;
14 seven, other records.

15 Q Mr. Hakim, if the committee were to serve you with
16 a subpoena for the records that you have just described,
17 could you produce them?

18 A Yes.

19 Q With the exception of certain records held under
20 seal in Switzerland, which I have discussed separately
21 with your lawyer, are the records that you just described all
22 of the records to which you have access that relate to the
23 receipt or disbursement of funds relating to the sale of
24 TOWs and Hawks to Iran, to the pursuing of the initiative of
25 the United States towards Iran, and to the raising of an

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1 expenditure of monies to support the anti-government forces
2 in Nicaragua?

3 MR. JANIS: May we have just a moment?

4 MR. NIELDS: Yes.

5 MR. JANIS: Mr. Nields, we are prepared to answer the
6 question.

7 THE WITNESS: Yes, to the best of my knowledge,
8 although it is possible that further analysis of the records
9 I have identified might lead to some additional records.

10 MR. NIELDS: Thank you.

11 At this time, I would request the chairmen of the
12 two committees, as well as the two presiding officers at
13 this deposition and hearing, to direct Mr. Hakim to produce
14 within 24 hours to representatives of this committee, these
15 committees, the records which you have just described.

16 Can the chairmen even ^{hear} ~~here~~ me?

17 MR. HAMILTON: I can hear you.

18 SENATOR INOUE: Yes, I am here.

19 MR. NIELDS: I would request first that the
20 chairmen direct Mr. Hakim to produce to representatives of
21 these two committees within 24 hours the records which he has
22 just described.

23 MR. HAMILTON: Mr. Hakim, we would so direct you.

24 SENATOR INOUE: I concur.

25 MR. NIELDS: I would also ask the presiding officers

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1 at this deposition and hearing to do likewise.

2 MR. CHENEY: Mr. Hakim, speaking for the House,
3 I concur.

4 MR. MCCLURE: Mr. Hakim, speaking for the Senate
5 hearing, I concur in that direction.

6 MR. JANIS: Mr. Nields, I take it you are going to
7 also issue subpoenas for these records that will be served in
8 the United States?

9 MR. NIELDS: That is correct. They will be
10 served pursuant to Mr. Hakim's and your consent on Janis,
11 Schuelke & Wechsler in the United States.

12 MR. JANIS: Based upon the directives of the
13 committee chairmen and the presiding officers present here
14 at this deposition and hearing, and based upon the service of
15 subpoenas to Mr. Hakim, he will comply with the directives and
16 the subpoenas.

17 MR. NIELDS: And will Janis, Schuelke & Wechsler
18 accept service on Mr. Hakim's behalf of subpoenas for these
19 records in the United States?

20 MR. JANIS: Yes.

21 That is obviously -- I think it is clear that the
22 only subpoenas which we are authorized to accept are the
23 subpoenas specifically identified in this proceeding and not
24 any others.

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25 MR. NIELDS: At this time, I propose that we adjourn

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1 this deposition and hearing and permit the two Chairs to go
2 back to their other responsibilities and proceed to the task
3 of obtaining the records and serving the subpoenas.

4 MR. JANIS: I concur.

5 MR. NIELDS: Chairmen, thank you very much. I am
6 sorry I imposed so much on your time. I think we can
7 terminate the conference call.

8 MR. HAMILTON: Thank you very much.

9 SENATOR INOUE: Thank you very much.

10 (Discussion off the record.)

11 MR. NIELDS: I would like to mark two subpoenas
12 duces tecum addressed to Albert Hakim as deposition Exhibits
13 6 and 7.

14 (Exhibit Nos. 6 and 7 were marked
15 for identification.)

16 MR. NIELDS: The record should reflect that
17 Deposition Exhibit 6 is a subpoena duces tecum addressed to
18 Albert Hakim from the House Select Committee.

19 Deposition Exhibit 7 is a subpoena duces tecum
20 addressed to Albert Hakim from the Senate Select Committee.

21 They direct Mr. Hakim to produce the identical
22 documents that he has earlier identified in his testimony and
23 which he has earlier been directed to produce by the Chairs
24 of each committee.

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25 These subpoenas or copies of them are simultaneously

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1 being served on the law firm of Janis, Schuelke & Wechsler in
2 the United States by telefax, and I think the record should
3 reflect that Mr. Hakim has just now produced seven binders
4 of documents which constitute the documents responsive to
5 the subpoenas and to the earlier direction of the Chairs; is
6 that correct, Mr. Hakim?

7 MR. JANIS: Excuse me. He is not producing. Once
8 you hand us the subpoenas, he will then produce.

9 MR. NIELDS: Off the record.

10 (Discussion off the record.)

11 MR. JANIS: Based upon my understanding that the
12 subpoena which is now being served on us here today is also --
13 has also been simultaneously sent to my offices in Washington
14 for acceptance of service, Mr. Hakim is now producing the
15 records. He will hand them to you, Mr. Nields.

16 MR. NIELDS: Thank you.

17 The record should reflect that Mr. Hakim has just
18 handed me a bag containing seven binders of documents, and
19 I will ask Mr. Hakim whether those are all the documents called
20 for by the subpoenas and by the Chairs' earlier orders.

21 THE WITNESS: It is in accordance with my
22 testimony, yes.

23 MR. NIELDS: Thank you.

24 I thank you all.

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(Whereupon, at 12:05 p.m., the joint hearing was
adjourned.)

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DEPOSITION OF ALBERT HAKIM

Friday, May 22, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

4171

The Committee met, pursuant to call, at 10:00 a.m.,
in Room H-128, the Capitol, with John Nields presiding.

On behalf of the House Select Committee: John
Nields, George Van Cleve, John Fletcher, Joseph Saba,
Robert Brink, Ronald Points, *Nicholas Wise*.

On behalf of the Senate Select Committee: Arthur Liman,
Cameron H. Holmes, Timothy Woodcock, Louis Zanardi, David
Faulkner, ~~Nicholas Wise~~, Paul Barbadoro, John Monsky.

On behalf of the Witness: N. Richard Janis, Lawrence H.
Wechsler, and Clement R. Gagne, III; Janis, Schuelke & Wechsler
1728 Massachusetts Avenue, N.W., Washington, D.C. 20036.

Partially Declassified/Released on 11 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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Whereupon,

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ALBERT HAKIM

1 having been first duly sworn, was called as a witness herein,
 2 and was examined and testified as follows:

3 MR. NIELDS: Let's come to order so the members
 4 who are here can leave.

5 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

6 BY MR. NIELDS:

7 Q Would you state your name and spell it for the
 8 record, please?

9 A Albert Hakim, A-L-B-E-R-T H-A-K-I-M.

10 Q Mr. Hakim, did there come a time in the last
 11 couple of years when you became involved in the sales of
 12 U.S. military equipment to Iran?

13 MR. JANIS: Mr. Nields, I take it that any
 14 questions being propounded to Mr. Hakim and any answers
 15 he gives are going to be covered by the immunity orders
 16 previously conferred in Paris on April 20?

17 MR. NIELDS: In fact if he asserts his previous
 18 privilege, which I anticipate he will, Chairman Rodino
 19 will communicate the immunity order to him right now.

20 THE WITNESS: On the advice of counsel, I
 21 must respectfully decline to answer that question on the
 22 basis of my rights under the Fifth Amendment to the
 23 Constitution of the United States.

24 MR. RODINO: Mr. Hakim, I am hereby communicating
 25 to you an order issued to the House Select Committee by

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1 the U.S. District Court for the District of Columbia. The
2 order provides in substance that you may not refuse to
3 provide evidence on the basis of your privilege against
4 self-incrimination. It provides that evidence obtained
5 from you under the order may not be used against you in
6 any criminal proceeding.

7 A copy of the order is at the witness table.
8 Pursuant to the order, I direct you to answer the questions
9 put to you.

10 MR. RUDMAN: (by telephone) Good morning,
11 Mr. Hakim. This is Senator Rudman, Vice Chairman of the
12 Senate Committee. I have in front of me an order issued
13 by the U.S. District Court of the District of Columbia
14 directing you to tell your testimony on the basis of
15 limited immunity. It is very similar, if not identical,
16 to the House order.

17 Are you familiar with that order?

18 THE WITNESS: I am familiar with the House
19 order, but I don't know the difference between --

20 MR. RUDMAN: Shall I read the order to you?

21 THE WITNESS: I have a copy in front of me, sir.

22 MR. RUDMAN: You have a copy of the Senate Order
23 in front of you?

24 THE WITNESS: That is correct.

25 MR. RUDMAN: Do you understand that order is the

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1 same as the House order in that it compels you to testify
2 on behalf of the Senate and the House?

3 THE WITNESS: I understand that, sir.

4 MR. RUDMAN: Then I hereby direct you to answer
5 all questions that may be put to you by counsel for the
6 House and the Senate. Are you prepared to do that?

7 THE WITNESS: I am prepared to do that, sir.

8 MR. JANIS: Mr. Nields, just so I can be
9 satisfied with the record, may I ask that the court reporter
10 read back so I can here what Senator Rudman said?

11 MR. NIELDS: Yes, you may.

12 (The record was read by the reporter.)

13 MR. JANIS: On the basis of the immunity orders
14 previously entered in this case and communicated on
15 April 20, 1987, and communicated again this morning, my
16 client -- I am instructing my client that he is compelled
17 to answer any ^{questions} ~~questions~~ placed to him except questions
18 for which we believe a valued privilege is applicable and
19 if that happens I will assert such a privilege.

20 You are now compelled to answer the questions
21 pursuant to the grants of immunity.

22 MR. NIELDS: I think I should state for the
23 record that this is a joint or simultaneous proceeding,
24 both a House Select Committee proceeding and a Senate
25 Select proceeding, and there are representatives of both

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1 committees present, and immunity orders on behalf of
2 both committees have just been communicated.

3 BY MR. NIELDS:

4 Q Mr. Hakim, I think I asked you prior to the
5 communication of the immunity orders whether there had
6 come a time in the last couple of years when you had
7 become involved in the transfer of U.S. military equipment
8 to Iran. I take it the answer to that is yes.

9 A That is correct, sir.

10 Q Before we get into the details of that, I would
11 like to ask you some just background questions about
12 yourself. Could you tell us where you were born?

13 A I was born in Tehran, Iran.

14 Q When was that?

15 A It was July -- the 16th of July 1936.

16 Q How long did you live in Iran?

17 A Well, except the period that I spent in the U.S.
18 going to school, I lived most of my life in Iran, and there
19 was a period that I resided in Europe, just outside of
20 Geneva. So I lived most of my life in Iran.

21 Q Now I take it you lived most of your life in
22 Iran up until a particular point in time?

23 A There were two periods that my stay in Iran
24 was not on a continued basis. One was, I believe, some
25 time in 1974-75 when I started to reside in France outside

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1 of Geneva at the border, where I owned a house and my kids
2 were going to school there in Switzerland, and I had my
3 place of business in Geneva. And then also the time came
4 after the Iranian revolution that I moved to -- from
5 actually -- from France for personal reasons I moved to the
6 U.S., not because of the revolution -- I had marital problems
7 and I moved to the U.S. to be close to the rest of my
8 family.

9 Q Perhaps you could just give us a brief description
10 of your education and after that I will ask you a little
11 bit about your occupation.

12 A I had most of my primary and high school
13 education in Tehran, Iran. The last year of high school
14 I attended the senior year of my high school in San Luis
15 Obispo, and two or three years at the University of
16 California State Polytechnic College in electronics.

17 I returned to Iran during the time that the
18 Prime Minister of Iran the, Dr. Amini, was as he put it,
19 tightening the belt of the country because of the financial
20 problems, and I was the so-called government foreign exchange --
21 I was benefitting from a reduced rate of exchange because of
22 the tests that I took and passed. So they stopped that,
23 and as a result of that I returned to Tehran.

24 Q In other words, you interrupted your education
25 in the U.S. because of this financial situation that you

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1 just described?

2 A That is correct, sir.

3 Q Did you continue your education in Tehran after
4 that?

5 A No. I started with my professional life. I
6 worked with my father in general trading and insurance and
7 real estate for a while, and the opportunity came about, I
8 believe, around 1963 -- I may be off a year -- that I
9 started to work for an American individual who had an
10 Iranian company in Tehran engaged in the business of
11 electronics and I started to work in that organization.

12 That organization's name was Telecom Limited.
13 And there came a time that I grew in the company to become
14 the general manager of the organization, and also owned 25
15 percent of the company.

16 During the time of negotiating the transfer of
17 the stock for that percentage, we did not reach a final
18 agreement with the owner then, and that is when I separated
19 from Telecom Limited and started my own company, Multicorp
20 International.

21 Q Multicorp?

22 A Yes, two words.

23 Q Before you go on to that, who was the -- you men-
24 tioned a U.S. citizen who was the principal of Telecom.

25 A That is correct.

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1 Q Who was that?

2 A Moshe Bassin, B-A-S-S-I-N.

3 Q When did you cease to be associated with
4 Teleccm, approximately what year?

5 A I believe in 1971-72, about then.

6 Q Had you started in 1963?

7 A Working with that company, that is correct.

8 Q You said it was in the electronics business.

9 Does that mean it was in the business of selling electronic
10 equipment?

11 A That also. In that company, basically, we were
12 representative of a number of American companies in
13 Iran for sales distribution and post sales maintenance of
14 those equipments.

15 Q So that you represented a number of different
16 electronic manufacturers in the U.S.?

17 A That is correct. In Iran, but they were
18 American firms.

19 Q I understand. Did Telecom have any other
20 business besides representing American manufacturers
21 of electronic equipment?

22 A As I mentioned, we did maintenance work. We had
23 some engineering capability -- limited, but we did have
24 some engineering capability.

25 Q Anything else?

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1 A Not that I was aware of. It was wholly owned by
2 Mr. Bassin.

3 Q Were the companies -- I take it you represented
4 these American companies in connection with sales to
5 purchasers in Iran?

6 A That is correct. The way it worked out we had --
7 we were commissioned agents. I really don't distinguish
8 between agent and representative in this business. We
9 were representatives for those companies, agents, if you
10 will, and we had a commission coming to us. The companies
11 collected what was coming to them and the balance was the
12 income of our company.

13 Q And were the sales to government agencies, private
14 organizations or both?

15 A I should explain to you that the concentration
16 of my business throughout my professional career has been
17 focused on governments being my main clients, for two
18 reasons; one is because of the nature of the products that
19 I dealt with, and the other reason was because of the
20 structure of those ^{COUNTRIES} ~~countries~~, that I dealt with.

21 At first in Iran, being a form of a monarchy
22 then, almost everything belonged to the government, so in
23 one form or another you dealt with the government. But I
24 dealt also later on with companies that belonged to the
25 government.

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1 In other words, they were structured as a private
2 organization, but stockholders were various government
3 agencies.

4 Q I don't think I asked you specifically during what
5 years you were being educated in the U.S.

6 A 19 -- I believe I came to the U.S. in 1955 or
7 1956 -- I believe it was 1956-- and I returned to Tehran, if
8 I am not mistaken, towards the end of 1959, early 1960.

9 Q Okay. So I take it it was approximately 1972
10 that you formed Multicorp?

11 A About that time. Again I may be off a year.

12 Q What was the business of Multicorp?

13 A The business of Multicorp was an expanded form
14 of Telecom business. By expanded, I mean that the
15 company was structured differently in the form that it was
16 from conception meant for Multicorp to effectively act as
17 a holding company, not in the legal sense, but from an
18 operational sense. And that is why I chose the name Multicorp,
19 because it was intended to have a multiple number of
20 corporations with the intent of creating a group of companies,
21 each company being active in a separate sector of our
22 government business.

23 We expanded -- originally in Telecom the
24 concentration was on communications. We represented,
25 for instance, Motorola, among other companies, Hewlett-Packard

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1 that manufactured the test equipment. ~~When~~ I started my
2 own company, some of those companies that were with
3 Telecom Limited recognized my value and my departure from
4 Telecom, and they chose to terminate their relationship
5 with Telecom and enter into an agreement with me.

6 For instance, Hewlett-Packard did so.

7 Q With you means with Multicorp?

8 A With Multicorp, yes. And Hewlett-Packard,
9 for instance, has a number of disciplines as far as
10 products are concerned, and I tried to grow, if you will,
11 horizontally and have different modules attending to
12 different types of activities, and one of our activities
13 concentrated on medical.

14 Later on we formed various companies to deal with
15 these various activities. We got involved in education,
16 heavily involved in that area, vocational training, again
17 dealing with the government. I formed a separate company,
18 Multicorp International Services, and the idea was to provide
19 technical services to our clients. It got to a point that
20 Multicorp and the associated companies and affiliated
21 companies -- in total we had, I believe, a total of 150
22 employees, mostly technical.

23 We had quite a bit of test equipment. We had
24 created in the private sector the only calibration in the
25 country, as a matter of fact in the region in that part of

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the
A world.

Q What is a calibration center?

A A calibration center is a facility where you calibrate the test equipment that are used to test various electronics equipment. They need to be calibrated so their work would be more precise. So we went through the expense of creating such a facility. By the way, I understand all those facilities are being used by the universities now in Iran.

It was highly technical. I have for all my professional life been working in the area of high technology.

Q Just to review what you have just told us about Multicorp. I take it one of the things that Multicorp did was represent -- continue to represent U.S. manufacturers of electronic equipment in sales to the government of Iran.

A As well as Europeans. By this time we had grown and we had more than 50, 60 companies that we represented. There were also Europeans in there.

Q Then you mentioned the medical area. Was that also a situation in which you represented manufacturers of medical equipment who sold to the government of Iran?

A The concept that I pursued, Mr. Nields, was to create systems capability within Multicorp. I wanted my company to get to a point that it would not depend solely on earning commissions. I wanted to have substance, more

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1 than sales in the company. So with regard to the medical
2 area, we created a capability that we were able to bid and
3 actually execute turnkey projects in equipping a
4 complete hospital -- not only supplying the equipment, but
5 designing it and packaging the whole thing from A to Z for
6 a hospital.

7 Q Did this involve any manufacturing?

8 A That part of the systems work I did not concentrate
9 on creating the manufacturing capability, but in the other
10 area of mostly communications and what I call the
11 intelligence collection area, we started to create
12 manufacturing capability. But with the facilities that
13 we had, I could not go far in Iran with having that
14 capability, so that was when I chose to start to manufacture --

15 Q What precisely did you manufacture?

16 A In Tehran?

17 Q Yes.

18 A It was -- in systems work you do not manufacture
19 any one complete unit. You manufacture what we call the
20 interface equipment that you do not normally find as a
21 separate and independent unit. So you try to interface
22 two pieces of equipment -- for instance, to give you an
23 example, if you wanted to interface a reserve with a tape
24 recorder, you needed some facilities to interface those.
25 Those were the kind of things that you tried to manufacture,

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1 unsuccessfully.

2 Q Did you say unsuccessfully?

3 A That is correct -- in Tehran. By this time
4 I was residing in Europe, and I formed --

5 Q Before we get to that, I want to make sure we have
6 just understood the different things that Multicorp did.
7 You have mentioned the acting as agent for U.S. manufacturers
8 of electronic equipment. You have mentioned the similar
9 capacity with respect to medical equipment, and you have
10 said that you also put systems together and packaged them
11 and sold them, I take it, as a package to hospitals and
12 other buyers of medical equipment; am I correct?

13 A That is correct. Also in the area of vocational
14 training, we did the same type of packaging.

15 Q Okay. Vocational training. Who was the
16 provider or supplier of the vocational training?

17 A Mostly Europeans, French and Italian. They
18 are quite good in that area.

19 Q Was there anything else that Multicorp actually
20 did while you ran it?

21 A That is what I was trying to say about our
22 manufacturing capability. Since we did not succeed in having
23 the manufacturing capability in Iran, that was when I
24 decided to create that capability in the U.S. At the time
25 I was living in Europe. My business had expanded to cover

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1 other areas than Iran-France. I had the responsibility
2 for Hewlett Packard for the Kuwaiti market. So I formed
3 Stanford Technology Corporation S.A., who purchased the
4 facilities of a bankrupt company in the U.S. in the
5 Silicon Valley -- the subsidiary was bankrupt, by the way --
6 it was called International Imaging Systems.

7 It was referred to as I Squared S. I bought the
8 facilities of that division or that subsidiary and
9 formed Stanford Technology Corporation U.S. as a wholly
10 owned subsidiary of Stanford Technology S.A. in Geneva,
11 and we added manufacturing capability to Maco, but outside
12 of the U.S.

13 Q What period of time -- let me withdraw that question
14 When did you form Stanford Technology Corporation S.A.?

15 A I believe either late 1973 or early 1974.
16 1974 -- I cannot be quite sure.

17 Q I think you mentioned that you had moved from
18 Iran to Geneva at that point in time?

19 A I maintained residence in both places. I had my
20 place of residence in Iran and I had my place of residence in
21 Europe and I owned homes in both places.

22 Q Staying just with Multicorp for a moment, did
23 Multicorp engage in any other business activities other than
24 the ones you have already described?

25 A In addition to representation of companies, we

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1 continued to provide technical services, systems work. I can
2 not remember any -- I don't think it was within a group of
3 companies of MCI that we got engaged in other activities.
4 I personally got involved in the real estate and hotel
5 business basically because my father was in that business.
6 But Multicorp pretty much stayed in that business.

7 Q When you say Multicorp stayed in that business,
8 you mean the other businesses that you described?

9 A The representation, ^{providing} ~~providing~~ technical services,
10 systems, and all in the area of electronics, although
11 sometime later it changed. We were asked to add additional
12 capability to our line of activities as far as representa-
13 tion is concerned.

14 Q What was the business of Stanford Technology
15 Corp S.A.?

16 A Stanford Technology Corp S.A. was the owner of
17 Stanford Technology U.S.A., basically because I was there.
18 I was running my business from Switzerland, so the company was
19 there. I did the banking side of the business through
20 Stanford Technology S.A. for the contracts that they entered
21 into. I had no involvement in the operation and management
22 and running of Stanford Technology USA. SDCUSA had its
23 own structure: President, Vice President, acceptable in
24 the U.S., so we did the marketing, the international
25 marketing. Stanford Technology S.A. effectively --

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1 Q Stanford Technology S.A. was a holding company
2 for Stanford Technology U.S.?

3 A Yes, but at the same time it did marketing for
4 Stanford Technology USA.

5 Q What was the business of Stanford Technology
6 U.S.?

7 A Well, at the beginning it focused on systems --
8 as a systems house trying to put various systems together --

9 Q What kind of systems?

10 A Communications, intelligence collections systems,
11 again, part of communication.

12 Q What type of intelligence collection systems?

13 A Receiving stations, receivers covering a wide
14 spectrum of frequencies, and using computers and tape
15 recorders to several transmissions and record them and
16 then give the capability to the client, to the customer,
17 to the user.

18 Q Who were the clients of Stanford Technology U.S.?

19 A Again, the government, as I mentioned earlier.

20 Q Which government?

21 A The Iranian government at that time, although
22 Stanford Technology S.A. within its own structure and
23 within its own marketing effort tried to open up new
24 markets, and they had the charter to do so. And they --
25 for instance, they approached the Egyptian market. They

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1 approached the Lybian market. A number of other areas
2 that they --

3 Q Did it acquire any other customers besides
4 the government of Iran?

5 A I am coming to the next category of activities.
6 I mentioned earlier that we purchased the facilities of
7 I Squared S, and this bankrupt had dealt with a technology
8 that is referred to as image processing, or we refer to
9 it as image processing.

10 The work of I Squared S was incomplete in
11 finishing the research development and manufacture of
12 the products that they were after. We started to also,
13 at a lower pace, complete those products that remained
14 incomplete. We continued with our research development,
15 and when the business of systems in STC slowed down --
16 the systems business is a very risky business because you
17 create -- you mobilize and you get a lot of people, and if
18 you don't get continuation --

19 Q When you say systems business now are you still
20 on the collection of communications, intelligence?,

21 A Communications and intelligence, yes. It is a
22 risky business because you mobilize today a very large
23 project and if you don't get into contract to followup with
24 your activities you have all these people who have no work.
25 And that is a big burden.

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1 Q In other words, you have a particular governmental
2 client that orders a substantial project from you and
3 after it is completed there may or may not be another
4 one to follow?

5 A To give you an example -- this is actually
6 what happened -- we had a contract with then called
7 Imperial Iranian Air Force, and they were the clients

8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 It was the Air Force. It was forced to be handled
12 in two or three phases. The first phase was taken care of
13 and when we still maintained our staff the people-- and
14 we started to negotiate for the second ^{phase} ~~phase~~, and that
15 second phase was aborted as a result of the American
16 advisor group that advised the Air Force that it was
17 redundant.

18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 So the second phase was
23 cancelled. I made a lot of effort to save that, and I
24 was not successful. This is the area that General Secord
25 referred to. That is how he and I got over this

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1 project. He canceled the second phase, which the
2 combination of the second and third phase totaled \$23 million,
3 and the project died -- I did not stop from trying to get
4 that project, but the project died because the commander
5 of the Air Force was killed in an accident, and the
6 second commander of the Air Force was also killed in another
7 helicopter accident. So that project, as a result of
8 objection of the advisory group, was abandoned, and I was
9 left with a high overhead and staff of Stanford Technology
10 Corp USA, and that is when we put a lot of effort into
11 developing the image processing end of our activity and
12 completed design development and started to manufacture
13 image processing equipment.

14 Q What time period was this that you lost the
15 second phase of the contract with the Iranian Air Force?

16 A I cannot be certain. I believe it was in the time-
17 frame of 1976. It could be 1977 -- 1976.

18 Q What is image processing?

19 A What we referred to as image processing is a
20 computerized electronic facility that interprets aerial
21 photography. They take them for agricultural purposes,
22 for mining purposes, forestry. You take the aerial photos,
23 feed it into this image processing system that through
24 false coloring and enhancement gives you an interpretation
25 of what those photos are.

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1 Q And this was done by a company you have
2 referred to as I Squared S?

3 A Which was a subsidiary of Stanford Technology
4 Corp USA, I believe.

5 Q Who were the principals of Stanford Technology
6 USA?

7 A I have had -- still have -- the policy is that
8 the key employees of the company should have financial
9 motivation. As a result of that policy, in Iran I gifted
10 or sometimes sold stock to the employees and collected the
11 money through a profit-sharing scheme that I had. I did the
12 very same thing in Stanford Technology Corp. I had two
13 basic partners there. One of them became the President,
14 and the other one the vice president.

15 George Holeburg was the President of the company
16 and also a stockholder, and the other one, the vice president
17 of marketing, Richard Ashcroft. They were the key officers
18 of the company. We are still a start-up company, a small
19 company.

20 Q Were they recruited by you or were they part of
21 the bankrupt organization that you acquired?

22 A The relationship came about differently. George
23 Holeburg and Richard Ashcroft, they were officers of one
24 of the companies that I represented--Engineering Systems,
25 I believe is the name, and they were in the communications

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1 business. They dealt with me and knew about my capabilities
2 during the time they were my principals -- by principals
3 I mean being for the company that I represented. And
4 they were aware of my total business plan, and they
5 offered to join me in this Stanford Technology Corp effort.
6 So it was not really quite recruitment -- it was an
7 agreement that they would come in as partners, and we
8 would start Stanford Technology Corp USA together.

9 Q Were you equal partners in effect?

10 A No, I maintained the majority of the stock.

11 Q And I take it the profits were shared in pro-
12 portion to stock ownership?

13 A Unfortunately, the company was not profitable,
14 the STC USA end of it was not profitable. It got --

15 Q I guess what I am asking you here is what the
16 arrangement was.

17 A The arrangement -- obviously there would be a profit,
18 and we would agree to share the profits. It would have been
19 based on the percentage of stock that we held.

20 Q Was I Squared S profitable?

21 A It started to become a substantial activity.
22 I think it was 79-80 that the company started to show some sign
23 of improvement technically and financially, and by this
24 time Mr. Ashcroft had become the President of the company
25 and Mr. Holeburg had left the organization, and Mr. Ashcroft

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1 did turn the company around and brought it to a point that
2 a number of venture capitalists were interested in purchas-
3 ing that image processing capability of the company, and
4 indeed I did sell that portion of the company some time
5 earlier in the 1980's.

6 Q I take it there came a time when you left
7 Iran, I think you said some time around 1979?

8 A That was when I stopped going back to Iran.
9 I had lived outside of Iran, as I mentioned, in Europe
10 going back to 1975, 1976. I received a residence
11 permit in France, and I started to live as a resident of
12 France. I came to the U.S. prior to the revolution,
13 just prior to the revolution as the result of personal
14 family problems that I had.

15 So then -- by then the revolution came about
16 and that is when I stopped traveling to Tehran.

17 Q And I take it that you operated then Multicorp
18 up until the time of the revolution?

19 A That is correct.

20 Q And what happened to Multicorp when the revolution
21 occurred?

22 A I don't have first-hand knowledge. Through
23 various sources I learned that all assets of the company,
24 also my personal assets, the monies, the fixed assets and
25 all, were confiscated by the government, but technically,

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1 legally the company still is not ^{dissolved}~~dissolved~~. They are still
2 in existence. It was this facility that attracted General
3 Secord's attention while I was still in the government and
4 in the U.S. in the Pentagon, that prior to my becoming
5 a U.S. citizen, he wanted to use my facilities in Iran
6 for the rescue of the embassy hostages.

7 That was when I was approached. I don't believe
8 I was even a permanent resident in the U.S. at the time.

9 Q Let's come back to that. I want to make
10 sure we have covered the period up through the revolution
11 in Iran. You have mentioned Multicorp and its various
12 business activities. You have mentioned Stanford
13 Technology Corp S.A., and its American subsidiaries, and
14 you have mentioned some real estate hotel activities that
15 you carried on in a personal capacity.

16 Did you engage in any other business activities
17 other than those that I have just mentioned prior to the
18 revolution?

19 A No. Basically, these were the type of activities
20 that -- I can't recall any.

21 Q And just to make sure we understand, some time
22 around 1975 or 1976 you began to live principally in France;
23 is that correct?

24 A I was commuting prior to that. My children, as
25 a result of the family problem, were staying in Switzerland,

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1 by the way, Hewlett Packard -- the reason I chose Switzerland
2 was because Hewlett Packard was there. I was dealing with
3 Geneva even prior to my moving there, so I had a reason to
4 go to Geneva. And then because of the family problems
5 my kids were sent to ^{boarding} ~~boarding~~ school in Switzerland, and that
6 is how I started to focus on Geneva.

7 I was commuting for a year or so before I
8 established residenceship in France.

9 Q Commuting from where to where, Tehran to
10 Switzerland?

11 A Tehran to Switzerland.

12 Q In other words, your wife and children moved
13 to Switzerland?

14 A My wife was in Iran and the children were in
15 Switzerland and I was commuting between Tehran and Geneva,
16 and that was when I started to expand also my business
17 to other parts of the world beyond Tehran, and I formed a
18 company called Expand Trade S.A. that did general trading --
19 this is prior to even forming Stanford Technology Corp S.A.
20 So I effectively tried because of my family situation to
21 have an echo of MCI in Geneva on an expanded basis to cover
22 other areas than Iran and ~~E~~ Expand Trade S.A. was that
23 organization that dealt with representation of other
24 companies and sold in Iran, and we started to become
25 active in selling in other parts of the world and until I faced

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1 a very unfortunate situation. That related to the famous
2 case of Frank Terpil and Edwin Wilson when they penetrated
3 into my STC and Expand Trade structure in Switzerland
4 and as a result of that I closed down the companies -- I didn't
5 dissolve them, I closed down the company for a certain
6 period of time until I was satisfied that -- I fired the old
7 people -- until such time I was satisfied that Wilson and
8 Terpil had no links in that structure of
9 mine, and then I reopened it. So I faced the unfortunate
10 situation that I had to really lose everything that you
11 had started because of these two gentlemen penetrating
12 into my organization.

13 Q I want to come back to that in a minute, but again
14 to make sure we understand, there was a time in the early '70s
15 as I understand it, when your children were in Switzerland.
16 You were primarily residing in Tehran, but you commuted
17 to Switzerland, and then there came a time when you made
18 your principal home in France right outside of Geneva.

19 A That is correct.

20 Q And that occurred in about 1975-76?

21 A That is correct.

22 Q And you remained there until some time in 1979,
23 when you made your principal residence in the U.S.?

24 A I believe it was 1978, if I am not mistaken.

25 I did not become a--I have to refer to my records to be

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1 precise on that. These are the dates that I remember at
2 the time. I did not become a resident, a permanent resident
3 of the U.S. until 1979, but I started to live in the
4 U.S. prior to that, I believe it was 1978.

5 Q And you have made a reference a number of times
6 to the reason, but I am not quite sure I understand -- why
7 was it that you decided to move to the U.S. in 1978 or 1979?

8 A I was going through a divorce process. My business
9 has always been international, traveling, spending a lot of
10 time away from home.

11 My sisters lived in California, and my father was
12 there. There is a large Hakim family in the U.S. I had
13 the custody of my two young kids, my two daughters. I
14 had the responsibility of being a father and a mother, and
15 a businessman, so it was much easier to be around my sisters
16 who could assist me when I was traveling. So that was the
17 main reason that I sold my house in France and came to the
18 U.S.

19 I was well-established, well-structured in
20 Switzerland. I did not come to the U.S. because of the
21 revolution. It has always been my dream to -- this was
22 discussed many many times with people such as Mr. Ashcroft --
23 from the time that I was in Tehran, it was my dream to come
24 to the U.S. and reside in the U.S., become a citizen of the
25 U.S., but what compelled me to come to the U.S. was not the

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1 revolution. It was the family situation.

2 Q You mentioned Wilson and Terpil penetrating
3 your organization and that that caused you a lot of
4 difficulties. Could you just explain that set of
5 events for us, please?

6 A Mr. Ashcroft as the vice president of marketing
7 of Stanford Technology Corp U.S.A., had the responsibility
8 of expanding the marketing capability of the company to other
9 areas. He came across Frank Terpil-- I still don't know
10 how to this date -- and he decided that Mr. Terpil could be
11 effective in helping him to expand the market. So on
12 behalf of Stanford Technology U.S.A., not S.A., he entered
13 into agreements and arrangements with Frank Terpil.

14 I believe -- again one has to refer to the records
15 to get the exact course of events -- I believe until -- for
16 a very short period of time Mr. Terpil was engaged as an
17 employee of the company and then later on Mr. Ashcroft decided
18 to have a base in Washington, and he entered into some sort
19 of an arrangement, an agreement with Mr. Terpil, and they
20 formed a company in Washington D.C. -- I cannot recall at the
21 ~~time~~ time the name of the company-- and the purpose was
22 for Mr. Terpil to assist Mr. Ashcroft in the marketing
23 and expansion of our market.

24 Mr. Wilson joined this Washington D.C. company
25 at a later date through introduction of Mr. Terpil, and they

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1 became acquainted with the total system that we had, that is
2 the American operation, the Swiss operation, the Iranian
3 operation. I learned later that they found that very
4 attractive for the plans that they had and which I was
5 not aware of --

6 Q This is Wilson and Terpil now?

7 A Yes. And they travel^{ed} to Tehran. They
8 traveled to Geneva. Still I did not have any control
9 over their activities. They decided that it would be
10 best since we were in an international business for them
11 to operate out of Europe, although Mr. Terpil continued to
12 keep the Washington D.C. company. I believe by this
13 time he had purchased this company from Ashcroft,
14 Stanford Technology --

15 Q What company did you say he purchased from
16 Mr. Ashcroft?

17 A The Washington D.C. company that I mentioned
18 earlier that was formed as a subsidiary of Stanford
19 Technology U.S.A. I believe he purchased that or it was
20 given to him. I'm not quite sure how it worked out. But
21 what I could see with my own eyes was what was happening in
22 Switzerland or in France, and that was the whispering and
23 appearance of Mr. Wilson and Mr. Terpil at times that they
24 were not supposed to be there, and I started to suspect that
25 something was going on. And I started to notice how close

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1 they had become with my employees.

2 By the way, by this time Mr. Wilson had managed to
3 borrow some money from me. I don't remember if it was
4 \$20,000 or \$30,000, for which he gave me a note, and at
5 a later date to collect this note I believe I went
6 through the process of suing him, but I managed to get
7 the money back.

8 It was a matter of principal. He threatened
9 to kill me, run me over and all that, but I managed to get
10 the money. People told me I was crazy to deal with this
11 man because he really meant what he said. It was nothing
12 for him to kill me. And that was quite a shock for me because
13 when these gentlemen were introduced to me they appeared
14 to be highly respected, highly placed, and when I saw
15 this change of face, I became disenchanted and I fired all the
16 employees and said, "Let me start clean."

17 Q Mr. Hakim, I don't quite understand. What is it
18 exactly that they did that upset you?

19 A They were using my facilities for their own
20 purposes, for the deals that I was not involved with, and
21 knew nothing about.

22 Q Are you telling me that they had your employees
23 performing tasks and business transactions that you were
24 unaware of?

25 A Exactly.

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1 Q Can you just give us an example or two?

2 A The general manager of my European operation
3 at that time was an American gentleman, Richard Wood.
4 He and his wife, who acted as the secretary of the company,
5 ran the business for me. I have to point out that at
6 no time, including even the recent affairs, I have had the
7 style of getting involved in details.

8 I have always employed people and delegated work
9 to them and let them -- with a lot of trust, to run the busi-
10 ness, and I would get involved in the overall supervision.
11 So Mr. Wood had a lot of latitude, and I sensed at one
12 point that things were not being done. We had a business plan
13 for expanding trade, which Mr. Wood had prepared.

14 I was promised by him that deals would be
15 coming through any day, any minute, and none of those
16 materialized, and then I still saw that Mr. Wood and the
17 staff, they were all busy doing things and then some
18 secretaries started to whisper into my ears that things
19 were happening, and I started to pay more attention, and
20 I saw that there were activities going on that I was not aware
21 of. And I had the Iranian market, which has always been my
22 main client. Iran has always been an attractive market for
23 me, still is. It has a lot of potential. I didn't need this
24 messy work that was going on. I decided to cancel all that
25 out and restructure it and focus on STC USA and the Iranian
market.

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1 Q What time period was this that you kicked your
2 employees out and Wilson and Terpil?

3 A I would say again around 1976 -- 1976-1977.
4 1976, I would say.

5 Q Focusing now on the time after you moved to
6 this country -- by the way, when did you become an
7 American citizen?

8 A September of 1984.

9 Q Focusing on the time after you moved to the
10 United States, could you just briefly identify for us
11 the business activities that you have been engaged in and
12 then we can perhaps get into some further ^{description} ~~discription~~.
13 Just identify if you could for us the different business
14 activities that you have been involved in since you moved
15 to this country.

16 A Since I moved to the United States, I had lost
17 all my businesses.

18 Iran, like I told you, was my prime marketplace.
19 That was totally out of reach. When I came to the United
20 States, I started to look into the Stanford Technology
21 Corporation U.S.A.'s activities. It was facing a lot of
22 financial difficulties. I had pumped hundreds of
23 thousands of dollars into the company. And as a result
24 of my negligence and -- which was justified to me because
25 I was focusing on the Iranian market, this business was

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1 going down the tube.

2 I came back and started to concentrate on
3 STC U.S.A. I fired Mr. Holberg and promoted Mr. Ashcroft,
4 made some changes and started to apply the very same
5 technique; i.e., I came up with a stock-sharing program
6 for the other key employees of the company, and Mr.
7 Ashcroft did a fine job in fulfilling the directions
8 that I had established, and we turned the company around.

9 By this time I really had no other business
10 except that I was trying to turn the company around.

11 Q When you say no other business, you mean no
12 other business besides Stanford Technology U.S.A.?

13 A That is correct.

14 Q And you turned the company around.

15 What business did it do after you turned it
16 around?

17 A After we turned it around, I decided that I
18 had no interest, personal interest in being involved
19 in what I call a routine type of activity. International
20 Imaging Systems to me is a conventional type of manu-
21 facturing firm. Everything is predetermined. It is not
22 creative. I don't like that life style. I like to
23 be -- to continue to be creative.

24 I decided to sell that part of the business,
25 International Imaging Systems, and restart the systems

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1 business.

2 Q This is intelligence collection?

3 A Intelligence -- once you have systems
4 capability, Mr. Nields, you can put almost any kind of
5 system together, whether it is communications, whether
6 it is security, whether it is intelligence collection.
7 The main ingredients of those systems are the same. You
8 have a computer, you have a receiver, a transmitter,
9 antennas, sensors -- depending on how you put it together,
10 you use it differently.

11 So basically I was in the systems business.
12 Intelligence collection is part of a systems business.
13 Intelligence collection, when I refer to intelligence
14 collection, I do not mean necessarily the spooky
15 business. I mean collection of information: collection
16 of information that is being transmitted through radio
17 waves, collecting those and having the clients interpret
18 it for their own benefit.

19 Q Has Stanford Technology done that kind of
20 business from the time you restructured it until today?

21 A No. When I restructured it, we had lost the
22 market for systems business.

23 Q I understand. And then you went back into
24 ^{business} that ~~business~~, as I understand.

25 Q I started back into systems business

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again, but not focusing on information collection, not on receiving stations. This time I went into systems security.

Q And had continued in that business to this day?

A Security meaning the systems business?

Q Yes.

A That is a hard question to answer. I made all the investments. It takes a lot of investment to establish your credibility in a new market. I had lost the only market I had.

I focused on the Far East. I pumped -- by this time I had sold the imaging systems part of the company and started the systems business. To this date I believe I pumped into the company most of the money that I had received as a result of the sales of the imaging part back into the systems company, now with a focus on security, because early in 1980, if you recall, security became a very important issue. By security, I have to give you some explanation of what I mean by security.

This is physical security. This is, if you will, an anti-intrusion system. It is like an alarm system that homes use, but very sophisticated. You can use it for nuclear power plants; you can use it for radar sites; you can use it for large industrial parks. And I managed

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1 to get a contract from the Korean government which, with
2 a lot of difficulties, we successfully finished that.

3 So I had reached to a point that I was ready to
4 go out now and start making money. All the money that
5 had gone into the company was to learn about the business,
6 learn about the market, get one contract at a loss to
7 establish our credentials so we could go into the market
8 and get new projects. That was the main attraction that
9 I had in wanting General Secord to join me, because I
10 thought with his background he could assist me to
11 capture new markets in the area of security.

12 And by this time I had really increased my
13 respect for General Secord.

14 Q What time period are we talking about now,
15 1984?

16 A Well, it was -- I started the business of
17 security, I believe, in 1980, 1981, I believe; it could
18 be 1982.

19 Q I mean when did you get General Secord to join
20 you in your business?

21 A 1983.

22 Q Okay.

23 Prior to the time that you had General Secord
24 join you in your business, I take it the only business
25 activity that you were engaged in after moving to the

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1 United States was Stanford Technology U.S.A.?

2 A After I moved to the United States, first it
3 was Stanford Technology Corporation. Then I sold that
4 part. I went into the security business. Then at the
5 same time I created other activities which basically was
6 meant to help the relatives and friends who were running
7 from Iran, coming to the United States or other parts of
8 the free world.

9 I went -- for instance, I started to create a
10 chain of delis, a business totally out of my expertise,
11 and yet it was simple enough that I thought these people
12 that I knew that I like to refer to them as refugees,
13 could run and do business in. They were not successful.
14 I incurred a business loss there. I --

15 Q Any other business projects?

16 A I got a little bit into real estate.

17 Q Where?

18 A In the United States.

19 Q Where?

20 A Mostly in California.

21 Q What else?

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1 A I was conned into -- it appears I never learn.
2 I was conned into an activity of manufacturing electronics
3 gadgets. An ex-employee of Stanford Technology Company
4 approached me to -- first ^{to} ~~let~~ lend him money for a company
5 that he and another gentleman had started and he gave me a
6 rosy picture about their company.

7 The company's name was Textronics. To make a long
8 story short, I came in there as a person to lend them money
9 and I got sucked into this to the point that I had lent him,
10 if I remember correctly, something like \$8,000, and the company
11 had not produced any income, and I had to take over that
12 company, and that turned out to be a total loss as well.

13 Q Anything else?

14 A I got involved and formed a company that never got
15 off the ground---

16 Q You don't need to mention companies that didn't
17 get off the ground.

18 Were there any other business activities of any
19 substance that you engaged in?

20 A No, not that I remember.

21 Q As I gather it, at least between the time that you
22 moved to the U.S. and the time when General Secord joined you,
23 none of your businesses made profits?

24 A I didn't expect them to make profit because---

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1 Q I understand, but in any event, they didn't?

2 A That is correct.

3 Q I take it then that you had some monies available
4 from the time when you had been conducting business in Iran
5 and Switzerland and France?

6 A And also largely from the sales of **I**nternational
7 **I**magining **S**ystems. That portion of the company I sold for
8 \$3 million.

9 Q Was that a \$3 million profit?

10 A No, it was -- it was, if you will capital---

11 Q Partly money that you had originally invested in
12 the business and partly a gain?

13 A Partly a gain.

14 Q Where did you keep the monies that you had available
15 to you, were they kept in banks in this country, or overseas?

16 A The monies that I earned in the U.S. were all
17 kept in the U.S. They were monies that were kept in my
18 place of business in Switzerland -- that is where I was.
19 I don't remember when the last parts of that -- the monies
20 that I had in Switzerland I brought to the United States.
21 I was basically living off of my savings and the money that
22 I got as a result of sales of Hyde Park Square. I had money
23 overseas, but eventually it all ended up in the United States.

24 Q I take it Multicorp had been a profitable
25 business venture?

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1 A Very much so.

2 Q And were you unable to take money out of Iran from
3 Multicorp?

4 A Yes.

5 Q So you had that money available to you and originally
6 you had that in banks in Switzerland?

7 A That is correct.

8 Q But there came a time when you took all the money
9 out of banks in Switzerland and put ~~in~~ only in banks in the
10 United States?

11 A Effectively your analysis is correct. I brought
12 it to the United States and either put it into STC or spent
13 it, but particularly you are right that it came through
14 bank channels to the United States.

15 Q In any event, you are saying that there came a
16 time when you no longer had money on deposit in Swiss banks?

17 A There came a time when no longer I had any money,
18 substantial sums of money, that earned any profits or interest
19 your terminology is correct, I didn't have any deposits. I
20 had some checking accounts. I was using them for household
21 purposes, which I believe is still there.

22 Q Checking accounts in Switzerland?

23 A In Switzerland, yes.

24 Q Just so we understand what your concept of
25 substantial is, can you give us just an---

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1 A I don't believe that bank account today has -- I
2 would be surprised if it is more than \$5,000. It should
3 be less. I don't know.

4 Q And I take it -- when was it that you had, in effect,
5 moved your last monies out of Switzerland?

6 A I can't remember that, Mr. Nields.

7 Q Approximately?

8 A The best way that I can help you with that is I
9 would say some time between 1979 and 1982, in that time
10 frame.

11 Q And then I take it after that time frame you had
12 small amounts in a checking account, but it would be something
13 under \$100,000 at all times?

14 A Oh, definitely.

15 Q Okay.

16 You mentioned General Secord. We haven't talked
17 about him yet, but you have mentioned him a couple of times.
18 Could you just briefly tell us how you first came to know
19 him and -- well, tell us that first.

20 MR. JANIS: He has already testified to that.

21 Do you want him to go over it again?

22 MR. NIELDS: Maybe not.

23 BY MR. NIELDS:

24 Q I take it you met him at the time when you lost
25 the second phase of your contract in Iran?

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1 A That is correct.

2 Q After that event when was the next time that you
3 came across General Secord?

4 A That event, which started in a very negative way,
5 when I started to analyze it, I accepted I was biased, I
6 wanted the business.

7 [REDACTED]
8 [REDACTED] I started
9 to develop a liking for the man who had just caused me to lose
10 \$23 million worth of business.

11 Q Did you continue to see him -- after you lost the
12 business, did you continue to see him in Iran?

13 A I don't think so. By then I don't think I was
14 even in -- I was not even living in Iran at the time. I was
15 in France, I believe, at that time.

16 Q Did you see him in France?

17 A No.

18 Q Okay. Did you see him in the United States?

19 A Yes.

20 Q When?

21 A I think I started to go and see him in the Pentagon-

22 Q When?

23 A Around 1977, I started to go and pay my respects to
24 him and see him.

25 A What was the purpose of your seeing him in the

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1 Pentagon?

2 A I have always thought that Secord had a lot of
3 capability that I was hoping at one point I could benefit
4 from.

5 Q In what way?

6 A He was in the different side of the fence. He
7 was in the military business; I was in the military business.
8 He was in security; I was in security. But you do recognize
9 what I am trying to say -- he could become a potential---

10 Q Customer?

11 A Customer, and---

12 Q Did he ever become a customer?

13 A No, he didn't. I sort of kept track of him.

14 Q Did you ever do business with the Pentagon?

15 A No, never.

16 Q Did you ever attempt to do business with the
17 Pentagon?

18 A No, I never did.

19 Q Did you ever attempt to do business through General
20 Secord with the Pentagon?

21 A I assume that you mean while he was still a
22 government employee?

23 Q Yes.

24 A No.

25 Q On how many occasions did you meet with Mr. Secord

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1 While he was still in the Pentagon?

2 A I would be surprised if it were more than 10 times.

3 Q What did you discuss?

4 A Basically what I was doing, where he was heading,
5 asking him what his plans were, sort of keeping track of him.

6 Q When you say asking him what his plans were, did
7 you discuss the possibility that he might come into business
8 with you when he left the Pentagon?

9 A I don't think I discussed it with him, but I
10 believe that I told him that a man like him has a lot of
11 potential to make a lot of money, and he was not making enough
12 money by staying in the government. He always kept his icy-
13 cold face. He didn't move anything that would lead me to believe
14 that he was interested or not interested. He continued --
15 he really continued to keep his cold face and icy face until
16 he came out of the government.

17 Q In what way did you tell him that he could be
18 making a lot more money?

19 A I knew through independent channels that he was
20 enjoying a lot of respect and admiration in the Middle East,
21 and basically Saudi Arabia. And I was very much interested
22 to penetrate that market, Saudi Arabia.

23 Q You thought if he left the Pentagon and joined
24 you in business, perhaps you could do that together?

25 A Exactly.

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1 Q And did he tell you before he left the Pentagon
2 that he was -- before he left government service, that he
3 was going to leave government service?

4 A No, he did not tell me that. As a matter of fact,
5 I learned about him leaving the government when I found out
6 that one of the companies that I represented in Iran had
7 interests in the Arab world, and they asked me if I had
8 any contacts with General Secord now that he was out of
9 the government, and if he could be of assistance to them in
10 capturing the aircraft shelters business in a number of
11 countries in the Middle East.

12 Q I take it there came a time when you and Mr. Secord
13 developed a business relationship?

14 A That is correct.

15 Q How did that come about -- who initiated it?

16 A I would -- I was trying now in the United States
17 to get back on course and do what I intended to do in Expantrade
18 when I started Expantrade in Geneva, and I did not succeed
19 and to complete what I wanted to do as a result of the Terpil-
20 Wilson case. I decided to do the same thing here in the
21 United States. I had that in the back of my mind. I was
22 advised that if I wanted to do that there would be complications
23 with banks, antitrust laws and such, and when I learned about
24 the new facilities that were provided ^{through} ~~through~~ this export
25 trading company law, I looked into it and I found out that

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1 now I could form my trading company. I believe this bill
2 became law in October of 1982, and early 1983 I formed ^{Stanford} ~~Standard~~
3 Technology Trading Group International in California.

4 The company was formed and I was the 100 percent
5 stockholder of the company. And when I met with General
6 Secord and explained to him the concept of this trading
7 company, he like it very much.

8 Q How did that conversation take place?

9 A I told him that I had formed this company and
10 the objective of this company was to go through the
11 business of security into other areas of trading.

12 Mr. Nields, once you establish a relationship with
13 a foreign government by getting a security contract, that
14 means that particular government has to trust you, to let
15 you know what their fears are, and once you get into the
16 business of security, you have a deep penetration in that
17 government and therefore you can do a lot of business.

18 So, when I explained to him -- when I explained to
19 him that the medium that I wanted to use to get into these
20 countries is security, it will be money making itself, but it
21 will open also the door for us in other businesses with those
22 countries. That was very attractive to him. He saw
23 the potential, what could be done.

24 Q When was that conversation?

25 A I believe I had the earlier discussion of this

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1 thing -- I cannot be sure. I believe that the early
2 discussions were held in Washington, then I invited him
3 to come to California and see STC and meet my staff and---

4 Q Was the earlier conversation at your instigation?

5 A Yes.

6 Q And then you invited him to come to California?

7 A Yes.

8 Q He was now outside of the government?

9 A Yes, he was. By the way, there is one other
10 thing I would like to add to here, that there was -- I have .
11 mentioned that earlier, but I would like to elaborate on
12 that. General Secord was still in government. He called
13 me and said he wanted -- there was something very important
14 that he wanted to discuss with me, and he asked me if I could
15 stop by to see him when I was in Washington next. That was
16 when he asked me if I would be willing to help with the
17 rescue of the hostages in the American Embassy in Tehran.
18 That was also another contact that was made by him while he
19 was still in office.

20 Q In any event, I take it that you and General
21 Secord went into business together after these conversations
22 that you had?

23 A That is correct.

24 Q And what was the form of your business relationship?

25 A He asked me how I wanted to go about this.

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1 I said, Richard, I will make life easy for both of us, let's
2 approach this thing the Iranian way. He said, what do you
3 mean? I said, well, become 50/50 partners and we will
4 go into this as if it is the beginning of my activities.
5 I want you to know that I have a lot of investment in my
6 other activities, Stanford Technology, and so forth, but in
7 this new company we will go into it 50/50 and let's see if
8 we can make use of your friends in Saudi and other countries
9 and get a few large security contracts.

10 And we indeed did go after ^{as e} those large contracts, .
11 made a few attempts. We never succeeded to get those projects,
12 basically because by this time Marwais International had
13 become one of our clients for the sale of shelters, and it
14 appeared to be a more attractive project. It developed into
15 tens of millions of dollars -- I believe one project that we
16 pursued, and we spent quite a bit of time, and something like
17 \$200 million or more.

18 So we decided to focus on these two projects. We
19 did not succeed with those two projects and in the meantime
20 the U.S. Government employed our services and we never managed
21 to go after the security business the way we intended to.

22 Q But you intended to do it, and I take it that was
23 through STTGI?

24 A That is correct.

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jm 11

1 Q And you were equal shareholders in STTGI?

2 A That is correct.

3 Q Did Mr. Secord have any interest in your
4 California company, Standord Technology?

5 A He did not.

6 MR. JANIS: Can we go off the record for
7 a moment?

8 (Discussion off the record.)
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jm 12

1 (Back on the record.)

2 BY MR. NIELDS:

3 Q You were about to tell us how you came to work for
4 the U.S. Government?

5 MR. JANIS: I don't think that is exactly what he
6 said.

7 He said their services were employed---

8 BY MR. NIELDS:

9 Q All right; how your services came to be employed
10 by the U.S. Government?

11 A General Secord talked to me, I believe, it was in
12 1984 -- I am not quite sure -- late 1984 or early 1985, in
13 that time span, that the U.S. Government -- and if I am not
14 mistaken, he was more specific than that. He mentioned
15 the name of the President -- has asked me to help them with
16 an effort to help the Freedom Fighters in Nicaragua. And he
17 asked me if I would be willing to participate in that
18 effort. And I asked him how long this is going to last.
19 He said that I really don't know. I questioned him what impact
20 and effect this was going to have on our business, are we
21 going to be still able to -- able to follow up on our
22 business? He said, what do you mean? I said, well, I am
23 a business man, and I have no doubt in my mind that I am
24 willing to help the government, But I would like to see what
25 is going to happen to our business. He said, well, we are

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jm 13

1 going to go into this as private businessmen. I said, well,
2 then I have no problem. It is beautiful. I will help
3 out and make money; why not?

4 I asked him what was the nature of the business---

5 Q Where was that conversation, by the way?

6 A I believe it was in Washington.

7 Q Where?

8 A In the office of STTGI, I believe.

9 Q At that time, I take it, you lived in California?

10 A I still do, yes.

11 Q Did you have a home here as well?

12 A There came a time that I rented for a few months,
13 an apartment, a furnished apartment. I believe on two
14 occasions I did that. But it never was meant to be a second
15 home. It was more to serve like a hotel. So, I never
16 purchased a house or anything as such.

17 Q So in any event, you asked him what this was --
18 exactly what this was to entail?

19 A He said he could not go into details with me, but
20 he could tell me this much, that we would be purchasing arms
21 for the Freedom Fighters. I said, I know nothing about
22 arms; how can I help you with this? He said, well, the
23 financial end of it. I am not a businessman. The money
24 matters and so forth, I need your help in that area.

25 I said, fine, if this is what you need, I will be

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jm 14

1 more than happy to help out.

2 Q In what way were you to help out with the financial
3 end?

4 A It was not clear. I don't think even he knew
5 what he was getting into. Throughout the course of our
6 working for the government in connection with Nicaragua,
7 I had -- as a businessman, I had a very uncomfortable
8 feeling because I was not used to running a business on a
9 sort of day-to-day basis, not knowing what is going to
10 happen tomorrow, whether we will be in business tomorrow,
11 whether we are going to have money tomorrow. It was bother-
12 some to me, but that was the nature of the mission.

13 He could never be precise. He could never be
14 definite. At no time he managed to answer my questions.
15 And he even went to the degree of saying, when I pressed him,
16 how are we going to stay in this business; he said, Albert,
17 for all I know right now when I am talking to you, we could
18 be finished with the business; I don't know. We have to take
19 it as it comes.

20 So there was nothing definite as to what my role
21 would be, how I would be doing things, and so on. We had
22 to do things backwards. Normally when you start something
23 you have a plan and you go in accordance with a plan. Here
24 you start doing things and then you plan it. It was a weird
25 situation.

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jm 15

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1 Q Did Mr. Second ever mention the ultimate source
2 of funds for these arms purchases?

3 A Oh, yes.

4 Q What did he tell you about that?

5 A He told me that the money would be coming from
6 donors.

7 Q Did he tell you who the donors were?

8 A He never did.

9 Q Did he mention any foreign countries to you?

10 A He -- at a much later date, he told me that he
11 was asked to approach [REDACTED] to see if they would be
12 willing to help. That was the extent that he went --
13 Richard always talks on a need-to-know basis. He doesn't
14 talk much. And I respect that, and I have no interest
15 to get into his business. So that was -- I listened when
16 he told me. I didn't ask him. I didn't probe. It didn't
17 matter to me.

18 Q Did he tell you whether he was successful in getting
19 money from [REDACTED]?

20 A I don't recall us discussing that any further.

21 A Did you discuss the manner in which you would make
22 money through his venture -- before I ask you that question,
23 let me ask you this -- had you ever been involved in any
24 arms transactions before?

25 A Yes, and no.

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jm 16

1 I did represent a U.S. ammunition manufacturer
2 in Iran.

3 Q Who was that?

4 A Winchester. However, it was not a company that I
5 approached, it was not a company that I intended to represent.
6 The Iranian Air Force---

7 Q Was that the only occasion in which you had been
8 involved in an arms transaction?

9 A Yes.

10 Q That was representing Winchester selling to the
11 Government of Iran?

12 A Yes.

13 Q Give us a very approximate quantity of sales?

14 A You see from Winchester, the business developed
15 ^{into} ~~not~~ other divisions of the company. It went to the mother
16 company, Olin, and that had to deal with plants. We started
17 to market manufacturing plants. I don't know whether you
18 would classify that as arms or weapons.

19 Q You mean plants to manufacture arms?

20 A Plants to manufacture powder and the products that
21 could be used for military purposes.

22 Q Let's just talk about the actual sale of arms.
23 What was the approximate quantity?

24 A You are talking about both Winchester and Olin?

25 Q Yes.

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jm 17

1 A In tens of millions of dollars. I can't remember
2 the amounts at this time. But this representation actually
3 did not, although I benefited from it, but all the papers
4 indicate that my company was the agent for Olin, but there
5 was one very key first letter that I vividly remember, for valid
6 reasons I remember, that was sent to Winchester by the --
7 this gentleman -- I can mention his name now, he has passed
8 away, Mr. Nasery---

9 Q Mr. Hakim, I don't want to cut you off, but I think
10 you have given enough information on the Winchester thing. -

11 I wanted to get a general sense of prior arms
12 transactions.

13 A I thought your question was if I dealt with arms?
14 I said, yes and no. I was finished with the "yes" part.

15 Legally I did represent Olin, but I was a cover for
16 the brother-in-law of the Commander of the Air Force. That
17 is the "no" part of it.

18 MR. JANIS: Was your question with respect to --
19 if I understood your question correctly, it was whether Mr.
20 Hakim had been involved in the sale of arms prior to his
21 involvement in the affairs which you are investigating;
22 is that correct?

23 MR. NIELDS: That is correct.

24 MR. JANIS: Thank you.

25

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jm 18

1 BY MR. NIELDS:

2 Q Had you ever sought to engage in either the purchase
3 or sale of arms prior to the time you and Mr. Second became
4 involved in purchasing arms for the Freedom Fighters in
5 Nicaragua, other than the Winchester-Olin episode?

6 MR. JANIS: To the best of your recollection.

7 BY MR. NIELDS:

8 Q To the best of your recollection?

9 A As a matter of principle, I had no interest to
10 go after such business, although I was approached repeatedly
11 after the Iranian Revolution by Iranians to get engaged in
12 that part of the business.

13 I did not -- I was approached, I did not.

14
15
16 So the answer is no.

17 Q How were you and Mr. Second going to---

18 MR. JANIS: Excuse me.

19 Go ahead.

20 THE WITNESS: Mr. Nields, I just want to make sure
21 that I have given you a complete answer. When you talk about
22 the arms, weapons, I don't know how that one extends that
23 terminology. I dealt and still am dealing with a laser site,
24 which is an electronics piece of equipment that one can attach
25 to a gun, use it in lieu of the iron sights of a gun.

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jm 19

1 Would you consider that also a weapon?

2 BY MR. NIELDS:

3 Q I appreciate your completing the picture. Whether
4 or not it is a weapon---

5 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

6 BY MR. VAN CLEVE:

7 Q May I ask, prior to your involvement in the trans-
8 actions that we are about to discuss in connection with the
9 contras, did you ever engage in the purchase or sale of
10 electronic guidance systems for any form of missile, or other
11 weapon?

12 A To the best of my recollection, the areas that I
13 dealt with didn't have any offensive function. It was
14 defensive radars. I did deal with that. I do not know if
15 the manufacturers -- for instance, to be very precise, I
16 represented Texas Instruments and there was a joint venture
17 between three large American companies, Texas Instruments,
18 ITT, and also another company called ITP, which is no
19 longer in existence, and we sold a radar system, and at
20 one point in time I had no longer any connection with the
21 sales of this project.

22 If that continued into selling the kind of product
23 that you are referring to, I am not aware of it.

24 Q What was the purpose of the radar system that
25 you were selling?

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jm 20

1 A It has been such a long time and like I told you,
 2 I ^{was} ~~has~~ cut out of the deal at one point in time. I can't
 3 recall.

4 Q Did it have any connection to the Hawk radar
 5 systems that we are going to be discussing later on?

6 A I don't think so. If it did, I can't remember.
 7 No.

8 MR. VAN CLEVE: Thank you.

9 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

10 BY MR. NIELDS:

11 Q How were you and Mr. Secord going to make money
 12 on the arms transactions?

13 A Mr. Secord said that we are not going to get to
 14 have the normal mark up on commission that arms dealers
 15 apply to the sales of this product. We have to be competitive.
 16 This is an area that there is not much money, and I will
 17 determine on a case-by-case how much we can add, how much it
 18 can bear, what we can buy it for and the situation. I said,
 19 fine, so long as you remember that we have to make some
 20 money, I rely on you to decide how it will go.

21 Q And how were you going to divide up the profits?

22 A It did not get organized in a way that there would
 23 be a formula as to how we were going to divide the profits
 24 until we knew that we would continue to remain in the business
 25 for more than one day. We still didn't know how long we

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jm 21

1 were going to stay in the business.

2 The first transaction, that was done through a
3 Canadian arms dealer, to the best of my recollection. It
4 was agreed that he and I jointly will split on a 50/50 basis,
5 one third of the commission. That is to the best of my
6 recollection. And that was for the first transaction, or I
7 would rather categorize it as a transaction with a Canadian
8 arms dealer.

9 When we saw that there might be continuity, he
10 tried to organize the system better. He did not think that
11 the Canadian arms dealer had the capability of doing what we
12 wanted, so the Canadian arms dealer he dealt with -- for a
13 certain part of the shipment with a Portuguese company, Defex,
14 and later on General Secord decided to contact Defex directly
15 and set up a better and more efficient system of getting the
16 supplies so it would fulfill the operational requirement
17 that he had. And to do so he engaged the services of Tom
18 Clines.

19 Q Did you personally have any dealings with
20 either arms company, Transworld or Defex?

21 A I had spoken with the Canadian gentleman while Mr.
22 Secord went through gallbladder surgery -- there was a period
23 of time that he asked me to come to Washington and cover for
24 him. I must point out that I did not operate out of
25 Washington offices all that much. So I did speak with the

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1 gentleman in Canada, and I did take a trip with him to ~~the~~
2 Lisbon to establish the credibility of Defex and reported
3 that back to General Secord, and that was the extent of my
4 involvement in -- with either arms dealer.

5 Q What do you mean by established the credibility
6 of Defex?

7 A If they had the capability -- we were not
8 quite sure -- Richard was quite annoyed by the fact that he
9 could not get the kind of delivery that he was promised.
10 He continuously noticed that people do not deliver what they
11 say, and he wanted to check to see -- he was either sick or
12 busy with something, I can't recall. He asked me---

13 Q I may have misunderstood you, did you say you went
14 with the Canadian arms dealer?

15 A Yes.

16 Q I thought you were replacing the Canadian arms
17 dealer with Defex?

18 A That was what we finally did, but my involvement
19 was when the Canadian arms dealer was dealing with Defex.

20 Q In other words, the Canadian arms dealer was
21 acquiring weapons from Defex and you eventually cut out the
22 Canadian arms dealer and purchased directly from Defex?

23 A Yes. That is when Mr. Clines effectively replaced
24 the Canadian.

25 Q Who was the principal of Defex?

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1 A I don't have first-hand information, but a Dr.
2 Jose Garnel was introduced to me as the principal person.

3 Q Any others?

4 A There were a whole group of people who were
5 introduced to me. I didn't stay there all that long.

6 A I take it that you used a company called "Energy
7 Resources" to purchase and sell these arms?

8 A Well, we used a company called Energy Resources
9 to receive funds. As a businessman, when you tell me that
10 you use a company, Energy Systems to purchase arms, it means
11 that we entered into an agreement, ^{signed} ~~signed~~ and so forth --
12 that we did not do. We had an Energy Resources Company and
13 we received funds, and we, through this company, and we spent
14 and paid out of this company.

15 Q And I take it that there was a difference between
16 the amount that you received and that you spent?

17 A Yes.

18 Q And that constituted your and Mr. Secord's---

19 A Income, yes.

20 Q That was your and Mr. Secord's share of the profit?

21 A The way it worked out -- the way it worked out,
22 Richard and I had an expense before getting to where we could
23 consider what you are referring the balance to be our gross
24 profit, and that expense was what we had to pay Mr. Clines.

25 The way it worked out---

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jm 24

1 Q That I take it is true in the case of the
2 transactions involving Mr. Clines? But not true in the case
3 of the transactions involving Transworld; is that correct?

4 A In the case of Transworld Arms, I already testified
5 that one third of the mark-up came to Richard and I.

6 Q But I take it that in the case of the arms that
7 you acquired from Transworld and sent to the Freedom Fighters
8 in Nicaragua, that you received a certain amount into the
9 Energy Resources bank account, and then you paid a certain
10 amount out to Transworld? Am I correct so far; are you with
11 me so far?

12 A I am with you -- if you see that I am hesitating,
13 I am not quite sure that we used Energy Resources for that
14 purpose. I have to refer to the files. That was the very
15 beginning of our activity. That company was used. I can't
16 recall that.

17 Q Well, I will show you some reports in a moment
18 that you have provided us, or rather, some accountants work
19 papers derived from those records, but there were a number
20 of disbursements out of the Energy Resources account to
21 Transworld.

22 A Then that is the account we used.

23 Q And then there are some payments into that account
24 from a bank in Miami, which we have identified as a bank
25 account set up by Mr. Calero -- are you familiar with Mr. ^{Calero}~~Calero~~

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jm 25

1 A Familiar -- I know of him, yes.

2 Q You know who he is?

3 A I know who he is, yes.

4 Q There is a difference between the amount that
5 comes in from Calero and the amount that goes out to Transworld.
6 And my question to you is does that difference represent
7 your and Mr. Secord's share of the commission?

8 MR. JANIS: I have to object to that, Mr. Nields.

9 Since he doesn't know -- I don't think he knows
10 how much came from Mr. Calero, so I don't think he is in a
11 position to say what the difference is between what Calero --
12 he doesn't even know, I don't think, ^{whether} ~~whether~~ it came from
13 Calero. You are referring to amounts that he might not be
14 privy to. So for him to say the difference---

15 MR. NIELDS: I am not asking him to tell us what
16 the difference is. We will get to the records for that. I
17 am asking him whether the Transworld received -- whether the
18 difference between the amount into the Energy Resources
19 account and the amount out represents your and Mr. Secord's
20 share of the commission, or whether it represents the whole
21 commission?

22 MR. JANIS: I still don't think -- the problem
23 with that question is that if the only deposits that came
24 in from Energy Resources were from Mr. Calero and if Mr.
25 Hakim knew they were from Mr. Calero, and the amounts, and

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1 he knew what was paid out to Transworld Arms, then your
2 question would make sense; but I am not sure we have established
3 any of those things.

4 MR. NIELDS: That is what I am asking him.

5 THE WITNESS: Mr. Nields, I did not get to know
6 about Mr. Calero until some time later. Now you are talking
7 in the time frame of the first transaction, the very early
8 part of our activity in connection with this project.
9 Things were not quite clear for me; not that they got any
10 better as time went on. But all I knew about the direction
11 of the profits was what Richard Secord ^{told} ~~told~~ me was our share,
12 and the formula that he used, he said the profit, we will
13 get one third of the profit, two thirds will go to this
14 gentleman. This is the best of my recollection.

15 BY MR. NIELDS:

16 Q Let me get at it another way. Were you involved
17 in the setting up of Energy Resources?

18 A Yes.

19 Q As a company?

20 A Yes.

21 Q Were you involved in the setting up of a bank
22 account for Energy Resources in Switzerland?

23 A To the extent that I ^{told} ~~told~~ CSF that we needed
24 a bank account for the company, they set it up.

25 Q Was it you who dealt with CSF, or Mr. Secord?

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jm 27

1 A CSF had been a company that throughout my activities
2 in Switzerland I used, and worked with me. Our relationship
3 goes back to the time of Expantrade, I believe 1972. CSF
4 started to deal with us at the credibility that I had with
5 them, and they had really no personal knowledge of who
6 Mr. Secord was, or what we were dealing with. So at the
7 beginning, especially at this very first time, I was mostly
8 dealing with CSF.

9 Q You, rather than Mr. Secord?

10 A Mr. ^{Secord}~~Secord~~, that is correct.

11 Q Why was CSF used rather than an American bank?

12 A Two reasons. The main and primary reason was that
13 I was told by Mr. Secord that this is going to be a covert
14 activity; and the second reason was that he wanted me to help
15 him with this project, and I could not give him more than what
16 I had, and what I had was my previous structure in Switzerland,
17 and it happened that it served both purposes best. It
18 could maintain the objectives of the mission, keep it covert,
19 and also I could work with a financial structure that I had
20 dealt with. They trusted me and I trusted them; no questions
21 asked.

22 If you go through -- no matter how much money you
23 have, if you go through Switzerland and say that here, I want
24 to form a company to deal with arms, they throw you out.
25 Those people don't like to be tainted with that kind of

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1 product. So---

2 Q Did he tell you why it had to be a covert
3 operation?

4 A He told me the government wanted it like this.

5 Q The government, meaning our government?

6 A The U.S. Government, yes.

7 Q When you refer to your structure in Switzerland,
8 what are you referring to?

9 A The background that I gave you about Expantrade,
10 STC---

11 Q Your relationship with CSF?

12 A My relationship with CSF, yes.

13 Q What is CSF?

14 A CSF is a very conventional, normal money management
15 institution in Geneva, Switzerland. The gentleman that I
16 know, and in the course of time we have become friends, Mr.
17 Zucker, he is an American citizen, he is a lawyer. His
18 expertise is in financial areas, money management, tax, and
19 he has been doing business in Switzerland for many, many
20 years, and I happen to be one of his clients. And he
21 handled -- before I became a U.S. citizen -- all my financial
22 and legal affairs. And when I became a U.S. resident, he
23 also handled my tax activities. And so basically, he is
24 a ^{fiduciary} ~~fiduciary~~ company that deals with -- that provides the total
25 package to its clients, legal, tax, money management, and so
on.

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- 1 Q And who is Mr. Mossads, Jack Mossads?
- 2 A He is one of the employees of CSF.
- 3 Q How about Roland Farina?
- 4 A He also was an employee of CSF.
- 5 Q How about Suzanne Hefti?
- 6 A Suzanne Hefti, when I first met her she was an
- 7 employee of CSF. I learned later that she went to Fribourg,
- 8 and was no longer with CSF in Geneva, but they had some sort
- 9 of relationship with each other, which I am not quite sure
- 10 how.
- 11 Q How about Mr. ^{BASSAN}~~Bassan~~?
- 12 A Jacques Bassan?
- 13 Q Yes.
- 14 A He ^{is}~~is~~ also an employee of CSF.
- 15 Q How about Jean de Serarclens?
- 16 A Under Swiss laws you have to have Swiss directives
- 17 for a foreigner to have a Swiss company. I won't go into
- 18 the legalities of this. So Jean de Serarclens was, or is,
- 19 I don't know what the relationship is now, an employee, and
- 20 the director of CSF.
- 21 Q I take it from time to time you would make --
- 22 well, let me step back a minute. You had them, I take it,
- 23 you had CSF set up Energy Resources as a company and obtain
- 24 a Swiss bank account for Energy Resources?
- 25 A Those were my instructions.

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jm 30

1 Q Who gave instructions as to what monies should
2 be disbursed out of those bank accounts?

3 A To CSF?

4 Q No; to anyone?

5 A But basically General Secord told us what was
6 expected to come in and what we should transfer out, and to
7 whom, and I passed on those instructions to CSF for execution.

8 Q So you were the one who actually told CSF what
9 monies to pay out of the account?

10 A To the best of my recollection, most of the time
11 that was the way it worked out.

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13 end jm
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1 Q And you asked me a minute ago whether I meant
2 paying money out of the accounts to CSF. Who instructed CSF
3 to take money out of the accounts to CSF?

4 A In the manner that I just described, General
5 Secord would tell me and I would tell them.

6 MR. VAN CLEVE: May I ask a question? Would
7 General Secord have had the power to instruct CSF to
8 make a disbursement from the ERI account, from the
9 Energy Resources account?

10 THE WITNESS: The way it operated -- it is very
11 important that you recognize the fact that Mr. Secord
12 was accepted with all due respect to him and there is a lot
13 of respect for him. He would not be accepted in a Swiss
14 community without having gone through years of
15 working with them, being accepted by the Swiss.

16 He may have the impression at the beginning that --
17 you are talking about energy regourses -- that he had the
18 power to instruct CSF what to do with the money, but I doubt
19 very much that if CSF, until they got to know him, would
20 have done so without checking with me first, because I
21 brought him into that organization.

22 MR. VAN CLEVE: I am not sure I got an answer to
23 my question. My question was would General Secord have had
24 the power to instruct CSF to make a payment from the Energy
25 Resources account?

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1 MR. JANIS: Do you mean the legal power or as a
2 practical matter could it have happened?

3 MR. VAN CLEVE: The legal power.

4 THE WITNESS: It was never clear.

5 MR. VAN CLEVE: Didn't you previously testify that
6 you instructed that these accounts be set up?

7 THE WITNESS: Yes.

8 MR. VAN CLEVE: My question to you is would General
9 Secord have had the power to instruct that payments be made
10 from these accounts?

11 THE WITNESS: I tried to explain to you how it ^{would} ~~work~~
12 General Secord picked up the phone and told one of the
13 staff of CSF please transfer -- I am trying to communicate
14 to you the mentality of the Swiss, the mentality of CSF, and
15 the circumstances that we operated under.

16 The Swiss would have received the instructions
17 if he would have done it -- they would have received the
18 instructions from him and they would have called me and
19 asked me what do we do. And I would say, "Fine, it is okay."
20 They, at the beginning, General Secord had to establish his
21 own personal credibility for the Swiss to deal with him.
22 So it was not a question of the fact that there was a contract
23 signed or instructions were given to CSF that ^{said} CSF these are
24 the people that are authorized to instruct you to disburse
25 money. That was never done throughout the total operation.

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1 The Swiss -- what I am trying to establish here,
2 Mr. Van Cleve, is to communicate with you a little bit
3 of the way that the Swiss operate so in the days to come
4 we can communicate better. If we use our style of doing
5 business in the U.S. as a point of reference for the Swiss,
6 we are going to have a lot of difficulties in communicating.

7 We have to really try to understand how the Swiss
8 do business and how business is done in Switzerland in order
9 to be able to communicate. They do not necessarily adopt
10 the same method and manner that we do business.

11 MR. VAN CLEVE: I don't want to extend this at this
12 point because I think it will interrupt the flow, but
13 this may be a matter I will want to return to.

14 MR. JANIS: Perhaps this will be a good time
15 for a break.

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#3

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1 BY MR. NIELDS:

2 Q Mr. Hakim, maybe I can make more clear the
3 question that I am trying to get at. As I understand
4 it from what you have said, you were the principal person
5 who dealt directly with CSF?

6 A That is a fair assumption.

7 Q Because of your prior relationship --

8 A That is a fair assumption.

9 Q Their trust in you and your trust in them?

10 A That is correct, sir.

11 Q It is also my understanding that whether there
12 were bills of sale or there weren't bills of sale in
13 connection with these arms transactions, it is true that
14 you and Mr. Second in effect were paid by deposits into
15 the Energy Resources account and then you paid some moneys
16 out of the Energy Resources account for the arms, in
17 effect?

18 A Yes.

19 Q Correct?

20 A That is correct.

21 Q What I am trying to find out is whether -- let
22 me say one more thing -- there is a difference between
23 the amount of money that comes in from the Miami bank,
24 which we have identified as Calero's, and the money that
25 goes out of the Energy Resources account to Transworld

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1 and Defex, which makes what appears to be a profit or
2 commission or whatever you want to call it. And since
3 you were in charge of instructing CSF about the moneys
4 that were going out and so on, what I am trying to get
5 at is, whose money that was, the difference, the profit
6 or the commission? ^{was} ~~that~~ that originally to be shared
7 just by you and Mr. Secord?

8 A Not having the records in front of me, I --

9 Q Let's stop. Let me put something in front of
10 you, which is a printout from the records that you gave
11 us of the receipts and disbursements into the Energy
12 Resources account.

13 A And we are still focusing on the transaction
14 with the Canadian.

15 Q I am focusing on both the transaction with the
16 Canadians and Defex, and if there is a difference, I
17 want you to tell me.

18 A That is probably where our lack of communication
19 is. The questions that I am answering, I am still at
20 the time of the early stages of our dealings with this
21 project and with the Canadians.

22 Q Let's focus on the Canadians right now. You
23 will see on this list some disbursements to Transworld
24 Arms.

25 I take it those are disbursements in connection

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1 with the Canadians?

2 A Okay.

3 Q Transworld Arms is the Canadian company, I take
4 it?

5 A That is correct.

6 Q And then you will also notice some receipts,
7 and we have denominated them on this list Calero; your
8 records show that they come from a bank in Miami, and
9 this is -- I think it is fair to simply tell you that we
10 have determined that those are receipts from a bank
11 controlled by Mr. Calero.

12 A Okay.

13 Q Now what I am saying is that -- my question to
14 you is, does the Canadian arms dealer receive his share
15 of the commission or profits out of the money that is
16 disbursed to Transworld?

17 A That is exactly what I said I cannot tell you.
18 The problem that I have is disbursement to Transworld.
19 I don't know whether it was just to cover the cost of
20 the hardware or included his profit, the two-thirds.
21 That I don't know.

22 Q Well, did you ever pay him his two-thirds
23 separately?

24 A If the records show that there has been a
25 separate payment, then we have. I really don't know.

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4

1 Q You can look down here. We have not found any
2 that appear to be payments to the Canadian separate from
3 the disbursements to Transworld Arms.

4 A I don't know.

5 Mr. Nields, if there is no such transfer,
6 separate transfer for the two-thirds, then it is only
7 reasonable to assume that this two-thirds was included
8 as part of the cost of the hardware.

9 Q I just want to make sure now. These are your
10 records, Mr. Hakim, and the disbursements were handled
11 under your instructions and specifications, and therefore,
12 although we can read the records, we can't interpret them
13 as well as you can. And if you need more time, I will
14 be happy to give you more time. If you want to consult
15 the original records, I would be happy to do that. There
16 are disbursements out of this account to Transworld
17 Arms. There are disbursements also to CSF; some of them
18 are marked on your records as Hakim, Korel, STTGI, and
19 there are others that appear to be for transportation.
20 Only you can tell us whether some of those disbursements
21 included -- whether the Canadian arms dealer was paid out
22 of disbursements that are marked as yours or Korel or
23 any one of the other payees.

24 MR. JANIS: May I interpose something here?

25 As I understood the purpose of this deposition

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1 was in essence to ^{make} some sort of cooperative effort to try
2 to prepare both the committee and Mr. Hakim for the
3 testimony that will be coming up next Wednesday, and in
4 that spirit, I would like to suggest a way that we can do
5 this in a more cooperative manner.

6 I think part of the problem here is --

7 MR. NIELDS: Let's go off the record.

8 (Discussion off the record.)

9 MR. NIELDS: Back on the record.

10 BY MR. NIELDS:

11 Q Mr. Hakim, we have just had a discussion off
12 the record and I think that it has helped clarify things
13 and I will ask you just a few questions now on the record.

14 A Okay.

15 Q The disbursements out of the Energy Resources
16 account seem to fall into three categories. One is
17 disbursements to what appear to be arms sellers. Second
18 is expenses, mostly transportation, and the third is
19 disbursements that go to various capital accounts.

20 I take it that the Transworld -- neither
21 Transworld nor its principals were paid a commission out
22 of the capital accounts?

23 A To the best of my recollection, you are right.

24 Q Therefore, I take it you would agree that from
25 a review of these records, it would be a fair inference

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6
1 at the very least that Transworld received its share of
2 its commission out of disbursements directly to Transworld?

3 A I agree with that.

4 Q How about let's move now to the Defex purchases.

5 A You mean now we are putting the Canadian arms
6 dealer aside?

7 Q That is correct.

8 Can you tell us how those transactions were
9 structured?

10 A Basically the way I understood it, General
11 Secord replaced the Canadian arms dealer with Tom Clines,
12 who understands this business, who Mr. Secord has always
13 had a lot of trust in, and he could also maintain
14 secrecy. So effectively there was no change except the
15 arms dealer, the man in between who was dealing with
16 Defex from the Canadian changed to Tom Clines.

17 Q My first question is, did the division of the
18 commission change?

19 A Very much so.

20 Q Can you describe how the commission or the
21 profit was divided after Mr. Clines became involved?

22 A It was agreed that he would get paid for his
23 expenses plus 20 percent of the commission.

24 Q Did that mean that you and Mr. Secord then
25 would receive 80 percent of the commission?

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7

1 A On a 50/50 basis.

2 Q Now, did Mr. Clines get his 20 percent commission
3 out of the capital accounts?

4 A It is possible.

5 MR. NIELDS: Let's go off the record for a
6 minute here.

7 (Discussion off the record.)

8 MR. NIELDS: Back on the record.

9 BY MR. NIELDS:

10 Q Do you want to clarify -- I will ask my two
11 or three questions, then you can clarify. Is that all
12 right?

13 Mr. Hakim, we have gone off the record again.
14 We are back on now.

15 I take it that we have established to the best
16 of our ability and your recollection that the Canadian
17 arms dealer was not paid his share of the commission out
18 of the capital account.

19 A That is correct.

20 Q And you said there was a change in modus
21 operandi when Mr. Clines took the place of the Canadian
22 arms dealer?

23 A That is also correct.

24 Q One way that changed is the division of the
25 commissions changed and Mr. Clines got a smaller share

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1 of the commission than the Canadian arms dealer did.

2 A That is correct.

3 Q Did the method by which Mr. Clines was paid
4 his commission also differ from the method by which the
5 Canadian arms dealer --

6 A No, sir.

7 Q Are you saying that Mr. Clines did not get
8 paid his commission out of the capital accounts?

9 A Regularly he should not have, but I would
10 like to point out to you at this time that out of all
11 fairness to CSF, CSF did not know what we were doing.

12 MR. JANIS: I am not sure you understand his
13 question.

14 Could we go off the record and take a recess?
15 I don't think he understands the question.

16 MR. NIELDS: I think that is a very good idea.

17 (Recess.)

18 MR. NIELDS: Back on the record.

19 BY MR. NIELDS:

20 Q Mr. Hakim, we have gone off the record again.
21 We are back on. We will take one more run at this
22 problem.

23 Again I think we established that the Canadian
24 arms dealer received his share of the commission out of
25 the moneys that were paid to Transworld.

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9

1 A Yes.

2 Q How did Mr. Clines get his share of the commission?

3 A Separately it went into a capital account that
4 was established for his purposes.

5 Q Was that a capital account established by
6 CSF or at CSF?

7 A At CSF is more correct to say.

8 Q And the money -- then his commissions came out
9 of Energy Resources and went into his capital account?

10 A Right.

11 Q Now, just to close the loop on this, you will
12 notice on the printout of the disbursements from the
13 Energy Resources account some moneys paid to Portugal
14 arms, SBSGBA, various Portugal arms, which these are not
15 the Transworld; these are the Defex, I take it?

16 A In Portugal the only arms dealer that I know
17 that dealt with us out of Portugal was Defex.

18 Q Did Mr. Clines have any interest in Defex, to
19 your knowledge?

20 A I have no knowledge about that.

21 Q Do you have any interest in Defex?

22 A No, I don't.

23 Q I mean the arms selling of Defex?

24 A No, I don't.

25 Q Did you have any interest in the accounts,

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1 the bank accounts into which these moneys went, and I am
2 referring now to the moneys that are on the ledger as
3 Portugal arms.

4 A If those accounts belong to Defex, I had no
5 interest in it.

6 Q Okay.

7 What is the name of the capital account into
8 which Mr. Clines' share of the commissions was paid?

9 A Finally when we came about to get things a
10 little bit organized, we gave that account C. Tea,
11 C point T-e-e.

12 Q T-e-a?

13 A T-e-a, that is right.

14 Q And what was the reason for the use of
15 C. Tea for Tom Clines?

16 A Again, maintain -- it was C. Tea. When you
17 said it over the phone -- it is for confusion, keeping
18 the covert activity idea. So C. Tea on record could
19 create that confusion.

20 Q Okay. I understand. And you are telling us
21 why it was that you used something different than
22 Tom Clines or something that would clearly denote Tom
23 Clines. And I guess my question is, C. Tea, I take it,
24 was a way of reversing his initials?

25 A Yes.

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end #3
emm

BOYUM/md

1:30 p.m.

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1 AFTERNOON SESSION

2 1:30 p.m.

3 Whereupon,

4 ALBERT HAKIM

5 was called for as a witness and, having been previously duly
6 sworn, was examined and testified further as follows:

7 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

8 BY MR. NIELDS:

9 Q Mr. Hakim, we have taken a break for lunch now, and
10 I am going to return to a topic that we were asking you about
11 just before we broke for lunch.

12 A Yes, sir.

13 Q It has to do with payments out of the Energy
14 Resources Account, which on our work papers are denoted Portug
15 Arms, SBS, GVA, and Portugal Arms DEFEX. There are a number of
16 such entries showing disbursements. We have done an analysis,
17 and our chart reflects that eventually, all such disbursements
18 end up in an account at SBS with a number of [REDACTED]

19 On your ledger that you provided to us, it also -- that
20 same account number appears, SBS [REDACTED] with an amount of
21 \$11 million opposite it. \$11,234,598.37.

22 It is our understanding that this is a DEFEX account. But
23 my question to you is the following: Do you, or to your
24 knowledge, any of your business associates, Mr. Second or
25 Mr. Clines or any other business associates, have an interest

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1 W that account?

2 A To the best of my knowledge, the answer is no.

3 MR. JANIS: Off the record.

4 (Discussion off the record.)

5 BY MR. NIELDS:

6 Q Mr. Hakim, can you give us any further information
7 about that account?

8 MR. JANIS: To the best of you knowledge.

9 THE WITNESS: To the best of my knowledge, that
10 account started to be used when we faced difficulties with banks
11 in transferring money to DEFEX in Portugal, and that the
12 principal person in Portugal, to the best of my recollection,
13 decided to use his own personal account that he already
14 had in Switzerland, and I believe that that account is
15 his, and we chose that, or they suggested that they use that in
16 order to cut down on the transfer time that normally banks take

17 BY MR. NIELDS:

18 Q When you said you experienced some difficulty with
19 the Portuguese bank, was the difficulty transfer time?

20 A Transfer time. It was not limited to Portuguese
21 banks, but all banks. When I transfer, it takes a -- they try
22 to take as much time as they can.

23 We tried to shorten the time, thus increasing the
24 efficiency of the shipment of the arms, because it was ^{contingent} ~~contingent~~
25 upon payment.

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1 Q And I take it once again, just so the record is
2 absolutely clear, to the best of your knowledge, neither you
3 nor Mr. Secord nor Mr. Clines ever received any of the money
4 that went into that account?

5 A The DEFEX account --
6 (Witness conferring with counsel.)

7 THE WITNESS: Could you read the question back for
8 me, please?

9 (The reporter read the record.)

10 THE WITNESS: To the best of my recollection, the
11 answer is correct that money CBS account -- you are referring
12 to the CBS -- SBS account. That is correct. Yes.

13 BY MR. NIELDS:

14 Q Okay.

15 Mr. Hakim, you provided us in Paris, pursuant to
16 subpoena at your deposition therewith a number of -- with
17 records from a number of bank accounts, and I am going to
18 list them for you, and then I am going to ask you the reason
19 why each one was set up.

20 Albon Values; DEFEX; Dolmy; Energy Resources;
21 Gulf Marketing; Hyde Park Square; Lake Resources; ToyCo; and
22 Udall.

23 A Yes.

24 Q The records that you provided us reflected that the
25 Energy Resources account was set up sometime in December of 1984

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1 and I believe the records reflect the first deposit was also
2 in December of 1984.

3 MR. JANIS: Excuse me, are you talking about the
4 Energy Resources account at Credit Suisse?

5 MR. NIELDS: Yes. Are there others?

6 MR. JANIS: As I recall, he identified another
7 Energy Resources account. Let me make sure I am right about ^{that} ~~th~~
8 He identified another account in his deposition that was also
9 subpoenaed, and he provided it to you, Energy Resources account
10 at SBS.

11 MR. SABA: SBS?

12 MR. JANIS: [REDACTED] is the account number.

13 MR. SABA: Okay.

14 MR. JANIS: Do you want to go off the record here?

15 MR. NIELDS: Yes, sure.

16 (Discussion off the record.)

17 MR. NIELDS: In any event, let's go back on the
18 record.

19 BY MR. NIELDS:

20 Q Relating to the Credit Suisse account, what was the
21 purpose for the setting up of the Energy Resources account?
22 I think you may have already testified about it, but let's go
23 through it one at a time.

24 A To receive the payments that we expected to receive
25 to pay for the arms.

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1 Q These are the arms which were being sold to the contra
2 I take it? (S)

3 A Sold for the contras -- sold for the purpose of the
4 contras, yes.

5 Q Our records reflect a Lake Resources account at
6 Credit Suisse which was opened in July of 1985, first
7 disbursements out of the account appear to be August 1985, and
8 the last ones appear to be in September of 1986. What was the
9 purpose of the opening of Lake Resources account?

10 A The Energy account was used, too much was given to
11 too many donors, and we felt, or I felt that it was not proper
12 to continue using that account if he wanted to continue with
13 the covert activity, so we abandoned that company and started
14 a new one.

15 Q Was the purpose -- excuse me.
16 (Witness conferring with counsel.)

17 BY MR. NIELDS:

18 Q Whose decision was it to open a new account?

19 A I think Mr. Secord and I jointly reached that
20 conclusion, that it was time to start a new bank account.

21 Q Was there -- did it have a difficult -- a purpose
22 that differed from the Energy Resources account?

23 A Not really. Not really.

24 Q Is there a reason -- did there come a time when you
25 deliberately stopped using that account?

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1 A Lake Resources?

2 Q Yes.

3 A There came a time that I tried to put a better order
4 as much as possible in a covert activity in these transactions,
5 and I came up with a chart that, if we would have continued
6 and the accountants would have done what I wanted them to do,
7 proper allocation would have been made and maybe we would have
8 been able to keep a better record of the accounting.

9 So there was a time that I tried to introduce a
10 structure that could ^{bring} ~~being~~ in efficiency into the system.

11 Q Let's return to that. I would like to touch on
12 all the accounts and then return to what you have just testified
13 There is an account that you gave us records for with the
14 name DEFEX at United Bank of Switzerland, Fribourg, which
15 appears to have been opened in September of 1985, first
16 disbursement that we have seen is in December of 1985, and it
17 appears that the last one is in March of 1986.

18 What was the purpose for opening this DEFEX account?

19 A This -- the purpose for this one was different.
20 It was to create confusion.

21 Q Who were you trying to confuse?

22 A Anyone that could have put their nose into DEFEX
23 Portugal's activity. We were not quite sure what would have
24 happened at the other end, and we thought it would be good if
25 we had a fallback position having a company under the same name.

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1 Q Why? What was it that you were concerned about
2 people finding out?

3 A They were dealing with too many different arms
4 dealers from the Eastern Bloc. We were not quite sure what was
5 going on, and as we got more into this, and I learned more
6 about arms business, I found it to be adequate to have a lot
7 of fallback positions.

8 It was a dangerous business, and I didn't want to
9 get trapped with transfers -- let me give you an example.
10 Many times we had to make a transfer prior to receiving shipment
11 and I didn't ever feel comfortable in doing that, and the
12 Eastern Bloc suppliers didn't feel comfortable supplying those
13 hardware.

14 So, I preferred, if we could, the money to go to a
15 DEFEX that was under our control and be able to tell the people
16 that ^{their} ~~they~~ money is there, and see what happens. It was -- it
17 was a confusion process that I was hoping to use.

18 I don't know whether we got a chance to use that or
19 not, but I wanted to make sure that we had maximum security also
20 for protection of our monies.

21 Q All right, let me see if I understand. DEFEX is
22 buying arms from Eastern European suppliers.

23 A Yes, sir.

24 Q The Eastern European suppliers don't want to ship the
25 arms until DEFEX tells them that they have the purchase price

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1 paid into a DEFEX bank account.

2 A Yes.

3 Q You set up your own bank account in the name of
4 DEFEX so that DEFEX, the real DEFEX, could tell, or you could
5 tell the Eastern European suppliers that the money had been put
6 into a DEFEX account.

7 A I could tell real DEFEX that DEFEX was put into the
8 DEFEX account.

9 Q Would that feel real^{to} DEFEX?

10 A I was hoping that it would.

11 Q Wouldn't they know whether it was their account or
12 somebody else's?

13 A No, because the way the banks play around with the
14 money, I didn't see anything wrong in us ~~to~~ play^{ing} one of their
15 tricks, the bank's tricks, and see if we could get the
16 shipment moving and feel more comfortable that the goods were
17 on its way before we actually made the transfer to DEFEX.

18 I don't think it -- I don't think we quite fully used
19 that tactic. We found other methods. I believe in one
20 particular case, we used^a British bank to achieve that.

21 Q But --

22 (Witness conferring with counsel.)

23 THE WITNESS: Mr. Niels, I want to make sure the
24 explanation I gave you was just as an example of why
25 confusion, how we could use that, do that.

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1 BY MR. NIELDS:

2 Q What would be another example?

3 A To use trace -- to lose trace of money so it could not
4 be identified.

5 Q Can you explain that? Give us an example.

6 A Let's see if I can come up with a good example.

7 One of the techniques, one other technique that we used to
8 lose trace of money was to cash the money and break continuity.

9 That was costly. So this was another technique to
10 say that the money was sent to Defex and anyone who might
11 have been interested to know where the money went think that
12 money went to Defex Portugal, where actually still it was
13 within our system.

14 Q So, this would permit you to make somebody else
15 believe that you did not have control of the money when in fact,
16 you did.

17 A That is the best way to put it, yes.

18 Q But what I am asking you to explain is who -- give
19 us another example of a person you would want to fool in that
20 manner?

21 A I cannot think of another person to give as an
22 example, but when you have accounts under the same name but
23 owned by two different beneficiaries, that creates a great deal
24 of confusion, and that was really the basic objective, to ^{create} ~~create~~
25 as much confusion in the accounting as possible.

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1 Q All right, I understand that, but what I don't
2 understand is who you were trying to confuse.

3 A Anyone who came -- there were arms dealers, banks,
4 bid quoters. My understanding has always been that if you
5 trace the money, you can get to the source, and I tried to
6 create as much confusion element in this routing as possible.

7 Just as a matter of principle, I thought the more
8 confusion, the more difficult to trace the money.

9 Q And in May -- excuse me, April -- scratch that.

10 In May of 1986, you apparently put a first deposit
11 in a bank account in the name of Dolmy and the last disbursement
12 appears to have occurred in November 1986.

13 What was the reason for setting up the Dolmy account?

14 A That was again part of the reorganization, but if
15 I remember correctly, we happened to use that company at the
16 later date, when a requirement came about to purchase a ship.
17 We had that company, so we used that company for that purpose.

18 But basically, my experience was that CSF is not a
19 company established for the purpose of handling covert activity.
20 They were not.

21 They did not have the facilities or the desire of
22 getting involved in a covert activity. It was trying to slowly
23 create my own, if you will, CSF, using their expertise and
24 their computers, their accounting procedures, but effectively
25 get to a point that I could have our own organization without

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1 getting them further involved more than what they were, and
2 therefore, I created a chart, and I intended to slowly
3 organize our -- as time permitted -- our activity, and if I
4 remember correctly, I divided the world in three regions,
5 Latin America, Middle East and Africa, and for each region,
6 I created companies to be used to receive money, and a receiving
7 entity to act like a treasury, if you will, and then start --
8 I would start giving alphabetical annotation to these
9 companies, so we could, when we wanted to spend money, and
10 be able to use a letter so the bookkeeper would know where
11 to allocate it.

12 Q You had receiving companies. What other kinds of
13 companies did you have?

14 A I believe that chart was printed in the Tower report.

15 Q Yes, it was.

16 A If I had a copy, it would refresh my mind. I could
17 explain it better.

18 Q Someone else may have one. I do not.

19 MR. WISE: I have the report.

20 MR. JANIS: We have it.

21 MR. WECHSLER: I have it.

22 MR. JANIS: Mr. Nields, for the record, I have made
23 available to Mr. Hakim the Tower report, and the chart to
24 which he is referring is on page C-16 of the Tower report.

25 THE WITNESS: This was my approach, trying to slowly

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1 set CSF aside and start our own organization, get our own
2 bookkeepers, continue to use their accountants and then be
3 able to efficiently do the bookkeeping and allocation of the
4 expenses and the incomes and so on, because the inefficiency
5 of the system ~~was~~ ^{was it} so much that not only ~~it was~~ difficult to
6 continue to keep track of what was going on, it created a lot
7 of hard feelings between myself and the bookkeepers of CSF,
8 especially Mr. Farina, continued to have fights, actually
9 fights, and to a point that he refused to work with me because
10 of the continuous mistakes.

11 I talked to CSF about the possibility of subleasing
12 a room in their organization, having access to their computers
13 and start keeping the books the way I wanted it. We reached
14 that agreement.

15 I asked also, CSF, if they would be kind enough to
16 interview accountants, and for us to hire our own accountant
17 that we could keep the books the way we wanted it, to finish
18 with the mess and the sloppiness that we had in the system, the
19 degree of sloppiness was beyond anyone's acceptance.

20 This system was intended -- I will explain it to you
21 -- to expose these three companies, Lake Resources, Gulf
22 Marketing Consultants, Dolmy Business, Inc., as you can see,
23 as collecting companies.

24 The intention was that once we used Lake Resources --
25 as a matter of fact, I gave a date to the people that you use

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1 Lake Resources until such and such time, after that time, no
2 longer use this account for transfers of any funds, abandon
3 that. Use Gulf then.

4 Once you have used this for so many more
5 months, abandon that and go to Dolmy. I didn't want to come
6 back, and each time out of pressure form a company, so I went
7 ahead and formed these.

8 So, we had these companies on the shelf. I want to
9 stick to answering the question that you asked, and if you would
10 like me to go further to explain what the rest means, Dolmy,
11 although it was intended to be used as a collecting company
12 because a new requirement came about for which we were not
13 prepared, we were always -- or at least I was always hit
14 with surprises.

15 These surprises created a lot of headache and
16 difficulty in the total system, gave a lot of difficulty to
17 CSF and its staff. The requirement was to purchase a ship.
18 They wanted things done always yesterday. There wasnot
19 enough time.

20 BY MR. NIELDS:

21 Q Who wanted things done yesterday?

22 A Basically, I think the agent behind this speedy style
23 of activity was Oliver North, but I was getting my input from
24 General Secord. Overnight, you know, get a -- go ahead, you
25 are going to go buy this ship, the ship we have been leasing

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1 until then.

2 There is a new assignment. Okay, so there is no
3 time to go ahead and form a new company. The best thing I could
4 do, I used the last company in the row, the last collecting
5 company in the row for that purpose, so Dolmy ended up being
6 a company owning our shipping activity.

7 Q I still want to come back to this chart, but before
8 I do, I want to run through the other accounts.

9 Dolmy, you say, was originally set up as a receiving
10 company, but ended up being used for the ship?

11 A That is correct.

12 Q And that was something that had to be done yesterday,
13 which Oliver North wanted done yesterday. What was the purpose
14 for acquiring the ship?

15 A At the beginning, they didn't tell me. They told
16 me it was a classified operation, and I don't think I learned
17 about this until after the project was -- this classified projec
18 was abandoned, but in the meantime, we had gone ahead and
19 purchased the boat.

20 As a matter of fact, I had to get corporate documents
21 to go to where the boat, ship was, and actually my signature
22 appears on the documents, the purchasing documents.

23 Q When were you first told what the purpose of buying ^{the}
24 ship was?

25 A When we started to use the boat for other purposes,

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1 they told me that -- I think it was General Secord, said, well,
2 they decided not to use our boat.

3 By the way, I should come back to this. Before we
4 decided to buy the boat, the boat was examined by Tom Clines
5 and Mr. -- a person that I knew as Olmsted. We actually
6 went to where the boat was.

7 I did not go there, I was there to conclude the
8 procurement. I had no operational assignment. Those two
9 gentlemen went and looked at the boat, came back and reported
10 back that it would suit the purpose, whatever the purpose was.

11 Q When did you first find out about the --

12 A I believe when we started to use that boat for the
13 so-called, I like to classify it as the Iranian operation,
14 they told me that project was abandoned.

15 Q Which project?

16 A The classified project was abandoned, and that -- and
17 I asked what that project was,

18 [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 Q Did they ask you to produce some of the information
22 collection equipment out of Stanford Technology?

23 A No, not at all.

24 Q Then, the next -- we have discussed Energy, you
25 started making disbursements out of the Gulf Marketing account

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1 in March 1986, and continued until June 1986. What was the
2 purpose for setting up Gulf Marketing?

3 A I already testified, Gulf was the next collecting
4 company in the row, and Lake was to be abandoned after a certain
5 period of time, after it serves its purpose to be abandoned and
6 go to the next company.

7 Q Hyde Park Square. You began disbursing money out of
8 Hyde Park Square in April 1986.

9 A If the record so indicates, that is correct.

10 Q And continued through November of 1986.

11 A Yes.

12 Q What was the purpose for -- by the way, was that a
13 pre-existing company and account?

14 A Everything that you see on this chart was created
15 when I created the chart. In other words, all these companies
16 were formed or were there when I put this chart together. And
17 this is to the best of my recollection.

18 Q Our records reflect that Hyde Park Square was
19 incorporated in 1983.

20 A Probably it was an off-the-shelf company that we
21 picked up and used. I am talking about the time that we -- it
22 is very customary, Mr. Nields, that you find a Panamanian
23 company on the shelf ready to be taken and used right away.

24 Q Were these companies that had been set up for you or
25 just set up by CSF that they had ready to use?

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1 A I cannot be quite sure. One company here that I am
2 sure they formed as my -- at my request, was ToyCo.

3 Q ToyCo was formed in April 1986, the bank account was
4 set up in May 1986, and it began to be used in May 1986. What
5 was the reason for setting up ToyCo?

6 A To answer your first question, I can't recall at this
7 time that these other companies were in existence, and we
8 picked them off the shelf and used them. ToyCo, I remember it.
9 I requested it to be formed for the purpose of what in a joking
10 manner was referred to arms and weapons as toys.

11 So, I came up with a name, ToyCo, and I said I^{would} like
12 to have a company to deal only with weapons, and my whole
13 intention was to have a proper accounting allocation. So, if
14 anyone would -- if anyone put letter H on any document
15 automatically the bookkeeper would automatically know without
16 us having to explain it to them, the purpose of this activity,
17 I came up with this design for the accountants not to know what
18 we are doing, at the same time to be able to make proper
19 allocation.

20 So, if we spent money that went to weapons, for
21 weapons, we were supposed to annotate that with H.

22 Q Was there a particular purpose for setting up ToyCo?

23 A I did not want anything that had to deal with
24 weapons, arms, to be intermingled like it was with all of our
25 other activities. Weapons in Switzerland is something that you

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1 really don't want to deal with. I was trying to get organized,
2 if we had to cut this company out and dispose of it without
3 endangering all the other activities to be able to perform that
4 surgery.

5 So, I wanted to bring in all weapon activity into
6 ToyCo and concentrate on that. We had other activities, Udall,
7 we started to use that to the best of my recollection for other
8 activities in South America, specifically contras, I believe
9 this is the company, I am not sure, to buy that piece of
10 property and have other assets.

11 I didn't want that to be part of a corporation that
12 dealt with weapons. If I had to -- let me give you an example.
13 If we had one company that owned property, and through that
14 company we also transacted arms, if I wanted to dissolve that
15 company, I would have been in a bad position. What do I do with
16 the assets or the property, land and so forth, that we have in
17 the company; what are we going to do with that?

18 So, I was trying to get to a point that weapons could
19 be purchased, and dealing with weapons could go in one
20 company and if we needed to cut that out of our system to be
21 able to do that without endangering the rest of the activity.

22 If you go back to the date that ToyCo was
23 incorporated, please.

24 Q That is -- incorporated or when the bank account
25 was opened?

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1 A Well --

2 Q It was incorporated April 17, 1986.

3 A It was in 1986. What I am trying to say is that
4 early, or during the first half of 1986, we started -- or I
5 started with an effort to try to put the activity in an orderly
6 fashion.

7 It was a big mess, and the projects were aborted,
8 if I am not mistaken, in November, our total activity was
9 aborted in November. That was when Mr. Meese --

10 Q Mr. Meese made his announcement in late November.

11 A Okay. So between May and November, we did not have
12 sufficient time to implement this. I went ahead, structured
13 it, I was hoping that I would get the accountant, the people,
14 but we did ^gbuy the way, quite a bit. It is very important for
15 you to know, you complimented my attorney, Mr. Janis, for
16 the wonderful job he did in putting the accounts together.

17 Believe you me, a hell of a lot of effort went
18 into preparing some of the work, even before the revelation of
19 our project, that if we had not done that, in no way he or
20 any other accountant could have reached to where he got in less
21 than one year. That is how messy it was.

22 We made an effort. We started to have computer
23 read-outs. We started to find ways of going around the
24 company that is not set up to do covert activities, CSF, not
25 telling the employees what we were up to, not telling them that

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1 we were dealing with weapons. It was a big task. Yet,
2 at the same time, come up with a system that we could
3 introduce order. So we did take care of a lot of preliminary
4 work, but we never got to a point that I could exploit --
5 employ this total network.

6 I managed to partially get there. I tried to get
7 Hyde Park free and clear of any other activity, allocate that
8 only to Middle East. To my surprise -- well, I should say to
9 my surprise, CSF was not meant to be a company to deal with
10 covert activities.

11 The people did us a favor and they were handling
12 at my request our accounting, but still, I noticed at the
13 intervals that we looked at the accounting situation that
14 monies were intermingled again.

15 I could not implement the discipline that I wanted.
16 I could not get the accountants to say, when I say G, allocate
17 it to G, or I say H, allocate it to H, or F and so on.
18 It never got off the ground to that point.

19 So, Hyde Park was meant to deal with the Iranian
20 affair.

21 Q Now, you --

22 MR. JANIS: There was a question probably about
23 15 minutes ago --

24 MR. NIELDS: That is alright. He has been giving
25 us information.

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1 BY MR. NIELDS:

2 Q Mr. Hakim, on -- first of all, I want to ask you,
3 we have now at least mentioned the questions and answers,
4 Udall, ToyCo, Lake Resources, Hyde Park, Gulf, Energy, Dolmy,
5 Defex and Albon, Albon Values.

6 Were there any other bank accounts or companies that
7 were in any way at all related to the arms sales to Iran or
8 the support of the contras?

9 A Yes.

10 Q What?

11 A I believe I have given you the list of those companies
12 in Paris. You have a listing of that, those companies.

13 MR. JANIS: For the record, I think he identified
14 a number of companies.

15 MR. NIELDS: He did, he identified additional companies.

16 MR. JANIS: And the bank accounts.

17 MR. NIELDS: I better get the bank accounts, because
18 I am not certain of that.

19 MR. JANIS: Do you want me to give them to you?

20 MR. NIELDS: Yes.

21 MR. JANIS: The additional bank accounts he identified
22 were in Energy Resources bank account at Societe Bank Suisse,
23 SBS, and a -- we have talked about Defex SAUBS and he also
24 identified an account, Stanford Technology Corporation Services,
25 SA, Fröbourg, at the Trade Development Bank in Geneva.

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1 MR. NIELDS: Do we have those records?

2 MR. JANIS: You have those records.

3 Let's go off the record.

4 (Discussion off the record.)

5 MR. NIELDS: On most of the accounts, the signatories
6 are people you have identified earlier in this deposition as
7 being employees or associates of CSF, but there are some
8 signatories on the Gulf Marking account that I want to ask
9 you about.

10 MR. JANIS: Do you have the documents?

11 MR. NIELDS: Yes.

12 BY MR. NIELDS:

13 Q There are signatories named Sebastian Criscione and
14 Marie-Noelle Eggertswyler. Who are they?

15 MR. JANIS: If you know.

16 THE WITNESS: I don't know who these people are, but
17 if you have the corporate records, probably they are shown as
18 the directors of the company.

19 That is the only logical way that they would appear
20 on the bank accounts.

21 BY MR. NIELDS:

22 Q Are these people who live in Liberia?

23 A Probably. I don't know.

24 MR. JANIS: Do you know. Off the record.

25 (Discussion off the record.)

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1 BY MR. NIELDS:

2 Q Are you aware of any arrangement on any Gulf Marketing
3 account pursuant to which there was a joint ^{signatory} ~~signatory~~
4 arrangement with principals of Defex?

5 A Well --

6 MR. JANIS: You are talking of principals of Defex
7 Portugal?

8 MR. NIELDS: Defex Portugal.

9 THE WITNESS: It rings a bell.

10 MR. NIELDS: What was the purpose of that?

11 MR. JANIS: Could you repeat that question again?
12 I want to be sure I understand it.

13 (Record read by the reporter.)

14 MR. JANIS: If you know.

15 THE WITNESS: The lead that I am going to take from
16 the question that you have asked is a joint account with Defex.
17 I cannot remember whether it had to do with Gulf or any other
18 banking arrangement, but I recall a transaction that
19 again, because of my concern in connection with the payment
20 in advance for the arms that we had not received, I accepted
21 or I came up with a suggestion which I don't know if it ever
22 got off the ground, that gave signatory power to an account
23 that both Dr. Garnel and Tom Clines had signatory power that
24 once Tom Clines was satisfied, that the goods -- it was some
25 sort of an arrangement like a joint account in our terminology

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1 But it was done with Gulf Marketing or else I cannot
2 answer, but that portion that I told you, I remember something,
3 but I believe that never also never got off the ground. I
4 believe it ended up with a different arrangement in London.

5 There should be a transaction in connection with
6 Portugal or Defex happening in London.

7 BY MR. NIELDS:

8 Q But you think this joint signatory arrangement
9 may have been worked out with respect to an account that no
10 money was ever put in, is that what you are saying?

11 A That --

12 (Witness conferring with counsel.)

13 BY MR. NIELDS:

14 Q You provided us with a signature card for a Gulf
15 Marketing account, and the signatories on the signature card
16 are Sebastian Criscione, Marie-Noelle Eggertswyler, Jose
17 Garnel and Marcelina Leal. Maybe that is Marcelina Greta Leal.
18 I think it probably is.

19 A That is a Defex employee, Marcelina Leal.

20 Q Yes.

21 A I think my earlier testimony is reasonably accurate.
22 Those people signed the signature card, and Tom Clines was
23 given -- was empowered to call and have one of the CSF people
24 to sign when the event took place to release the money, but
25 he never used it.

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1 Q *You* Say one of the CSF people, presumably you are
2 referring to Criscione and Eggerstwyler?

3 A I think so.

4 MR. JANIS: May we go off the record again?

5 (Discussion off the record.)

6 MR. NIELDS: Let's go back on the record.

7 BY MR. NIELDS:

8 Q Returning to the chart which is page C-16 of the
9 Tower Board report, it depicts various bank accounts. It omits
10 the Energy Resources account, which I take it was no longer
11 being used in 1986.

12 A It was not supposed to be used, but --

13 Q It also omits the Defex UBS account, which I take it
14 had served its purpose by some time in 1986?

15 A Yes, correct.

16 Q And it omits the Stanford Technology account. Did
17 that continue to serve any purpose in 1986?

18 A Stanford Technology Service -- is that what it is?

19 Q Yes, Fribourg.

20 A No, that continued to remain -- that was -- if I am
21 not mistaken, that is a Swiss company, and ^{we} used that to establish
22 an American Express account, so we could use the American
23 Express again in line with my effort to try to bring discipline
24 into all this bookkeeping.

25 We wanted to start using credit cards. We could not

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1 do that with a Panamanian company, so we, I believe, used that

2 MR. JANIS: Do you have a question?

3 MR. NIELDS: Yes, I think he wants to ask a question

4 of Mr. Hakim. Are you testifying just now about Stantech

5 Services, SA, or are you testifying about Stanford

6 Technology Corporation, SA?

7 THE WITNESS: I am talking about the company,

8 Stanford Technology Services, SA --

9 MR. JANIS: No, no. Just read this.

10 THE WITNESS: In connection with the American Express

11 credit card I am talking about, account number [REDACTED] of

12 Stanford Technology Corporation Services, SA, Fribourg, at

13 Trade Development Bank, Geneva. The reason we used

14 Trade Development Bank, Geneva, is because one of them bought

15 the other one. Either --

16 BY MR. NIELDS:

17 Q All right. My question is, why is Stanford

18 Technology Corporation, SA, not on the chart of accounts which

19 is page C-16 of the Tower report?

20 A That didn't come as part of the structure that

21 company -- I don't have the date that this company was

22 incorporated. If you can give me that date, I may be able to

23 help you.

24 Q January 30, 1976.

25 A Okay, so it was an existing company that I had for

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1 my previous activities, so it was there, and we used it.

2 As I testified just a minute ago, we needed to have
3 a Swiss company. It was a dormant company that we had. It was
4 Swiss.

5 So, we used it for that purpose.

6 Q And so, Stanford Technology Corporation was set up for
7 a limited purpose -- excuse me, not set up, but --

8 MR. JANIS: No, no, you got to be careful with these
9 names, because they are confusing, Stanford Technology
10 Corporation and Stanford Technology Corporation Services, SA, ^{and}
11 two completely different entities.

12 MR. NIELDS: Well, I think there are three.

13 MR. JANIS: There are probably more than that. But
14 Stanford Technology Corporation Services is what we are talking
15 about.

16 THE WITNESS: What I am testifying, now that you have
17 given me the date of the incorporation, during the time that I
18 was living in Switzerland and I was dealing with Stanford
19 Technology SA, the earlier part of my testimony, I had this
20 company as well, because we had some difficulty with someone,
21 a gentleman called Mr. Stanford, and he didn't like to see that
22 name -- I won't go into that.

23 So, I formed a company, Stanford Technology
24 Services, and it was there, dormant, we didn't use it. When it
25 came time that we needed to use credit cards to create ^{efficiency} ~~efficiency~~

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1 I used that company. It was not part of the chart. It had
2 to be a Swiss company to get credibility with the banks.
3 We could not use a Panamanian company and get a credit card.
4 MR. NIELDS: Let's go off the record.
5 (Discussion off the record.)
6 MR. NIELDS: Back on the record.
7 I want to ask you, there are signature cards on the
8 Hyde Square account for someone named Jones and someone named
9 Barnett.
10 MR. JANIS: Can we see them?
11 MR. NIELDS: Yes, you may. Daniel Jones, and Burt
12 Bartlett.
13 MR. JANIS: Is this the whole thing? I don't want
14 to look in your private papers here.
15 MR. NIELDS: You can look at anything you want. It
16 all came from you.
17 MR. JANIS: Are these -- let's go off the record
18 for a second.
19 (Discussion off the record.)
20 MR. JANIS: Before you answer that, having looked at
21 those records, I am not sure that the records you showed Mr.
22 Hakim are actually bank signature cards. They appear as if the
23 might be corporate papers and not bank signature cards.
24 Do you know who those people are? In any event, you
25 want to know if he knows who they are?

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1 MR. NIELDS: Yes, regardless, do you know who those
2 people are, Mr. Hakim?

3 THE WITNESS: No, I don't. No.

4 BY MR. NIELDS:

5 Q I want to stay with this chart C-16, there is a
6 column for Africa. What is the reason for that?

7 A Jokingly, one day I believe General Secord said that,
8 who knows, if we do a good job, the President may send us to
9 Angola.

10 I said, at the rate these people have been going in
11 coming up with so many surprises, I would not be surprised
12 if they indeed did that. And I didn't want to have the burden
13 of running around doing too many things at the same time, like
14 I was, so I said, let me go ahead and form another -- not form
15 the company, but have it ready, discipline the people; if indeed
16 it would happen, I would just plug in a company in there and go
17 ahead with it.

18 Just further foresight on my part.

19 Q When was the conversation?

20 A I am sure prior to my creation of this organization
21 chart. I really don't remember when they were joking about it.
22 I think it was in the context that something had gone wrong and
23 we read something in the newspaper.

24 There must have been an ARCO report on Angola and
25 Richard joked about it. In my mind, I said, you know, the way

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1 this crazy thing is going, they might do that.

2 Q A minute ago, you referred to, you said you didn't
3 remember when they joked about it. Who else was joking about it
4 About Angola?

5 A I don't know. I believe when it happened, we were in
6 STTGI offices in Vienna. It is possible that -- I think Mr.
7 Dutton was there, too. It is such a long time now, when we read
8 the newspaper, there was something wrong and he said, well, who
9 knows, they may ask us to do Angola, and it stayed in my mind.

10 Q Was there anything more said about Angola than that?

11 A No.

12 Q To the best of your recollection, when did you
13 create this chart?

14 A To the best of my recollection, I think it occurred
15 when I felt that we have an enterprise that is going to stay
16 alive for more than one day, and that occurred when the Iranian
17 initiative was getting organized, so if we started with the
18 Iranian initiative sometime in February 1986, I would say
19 mid-1986. That is a guess on my part.

20 Q That means summer of 1986?

21 A Could be.

22 Q Is that --

23 A That is reasonable.

24 Q Is that your best recollection?

25 A That is my best recollection. I did not feel

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1 comfortable, Mr. Nields, that we had a company that could
2 sustain itself and stay on its own feet and go on until the
3 Iranian initiative started to move along.

4 And then I saw the need to put some order in
5 our activities and start with a better accounting, better
6 bookkeeping, better allocation, so I thought it was about
7 time for us to get professional.

8 Q Do you associate it at all with the time when you
9 began on what is referred to as the second channel?

10 A Could be. Could be. We started with the second
11 channel -- I started with my search, we met the so-called
12 relative and I wished to God that they would stop using
13 the word relative on TV, in August, so I -- I must have
14 started with my efforts to contact my Iranian contacts in
15 June-July to be successful in August, so that could be.
16 That could be the right time.

17 Q The money that was paid for the arms sold to Iran
18 went into Lake Resources with the exception of the last
19 shipment. That money went into Hyde Park Square.

20 A Yes.

21 Q Now, I guess I have two questions. That means the
22 last money that was taken into Lake Resources which related to
23 the Iranian arms transactions was in May of 1986, and the --

24 MR. JANIS: Is that it?

25 MR. NIELDS: I haven't finished the question.

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1 BY MR. NIELDS:

2 Q -- the money that went into Hyde Park Square, which
3 was the next transaction, was in October. Looking at your
4 chart -- my first question is, looking at your chart, does that
5 put a frame on when you made the chart, or not?

6 A No, it doesn't, because Lake Resources existed for
7 a long time before then, so the fact that money went to Lake
8 Resources would not give me one end of the time spectrum.

9 Q What I am suggesting -- let me sharpen my question
10 and I am not trying to put words in your mouth -- but you have
11 placed Hyde Park Square on this chart as a Middle East company.

12 A Yes.

13 Q And I guess what I am asking is, is that tied in any
14 way to the fact that it was used as the intake company for
15 the last Iranian transaction?

16 A It wasn't at all meant to be used for the intake
17 company.

18 Q That was my next question.

19 A No, it wasn't.

20 Q Well, does that -- why not, if this chart was done
21 prior to that time, why was Hyde Park Square used as the intake
22 company?

23 A Things changed in the second channel. During the
24 course of our relationship with the people as you refer to the
25 second channel group, we started to become more professional

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1 in our dealings, our financial dealings. We -- I was sitting
2 down talking to the people who had signatory power to sign
3 checks.

4 They actually handed out the check to me personally.
5 Their English was not good enough, they gave me a black check,
6 I wrote in the figure in the check. It was a totally different
7 relationship. It was no longer this Ghorbanifar, Khashoggi,
8 Israelis -- all these had disappeared. It was a clean,
9 straightforward relationship. We were talking with the
10 real McCoys. They were sitting across the table from me.

11 We were talking and so they handed out the check to
12 me without a receipt. I didn't have to take it to the collectin
13 company. It was a straight -- straight into where it had
14 to go, into Hyde Park. The reason, as I mentioned, we used
15 the collecting companies was to confuse the flow of the money.

16 When you transact, they gave you a check, you are
17 starting to deal -- it was covert, but it was, you know, a
18 professional covert activity. I didn't need to go through the
19 zigzag. I deposited personally the check.

20 Q Where did you -- where was the chart prepared?

21 A The chart was prepared in CSF. In the offices.

22 Q By you?

23 A Well, I drew up the structure, and then they used
24 the printer and their computer to come up with the final form.

25 Q Was there a secretary that typed it?

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1 MR. JANIS: Let's go off the record for a second.

2 MR. NIELDS: You want to go off the record and out
3 of the room?

4 MR. JANIS: Yes.

5 MR. NIELDS: That is really off the record.

6 (Discussion off the record.)

7 THE WITNESS: Yes, sir.

8 MR. NIELDS: Do we have a question pending?

9 THE WITNESS: I understand you asked me if there
10 was a secretary who did this?

11 BY MR. NIELDS:

12 Q Yes.

13 A I tried to work with the tools that I had. I -- the
14 person that I trusted to discuss these with was the son of
15 Mrs. Zucker --

16 Q I take it that is Eric Zucker?

17 A That is Eric. He had time off, and I used his
18 services and paid him separately to bring in order in this and
19 he printed that with their printer using their computer.

20 Q How did that chart get into Mr. North's files?

21 MR. JANIS: If you know.

22 THE WITNESS: I don't know. I did supply a copy of
23 this to Mr. Secord. I don't know how it got to Mr. North's
24 file. I have no idea.

25

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CAS-2

BY MR. NIELDS:

Q Were there other additions or versions of that chart?

A Not within my system as far as I remember.

Q Now, my -- is this a complete chart?

A Yes.

Q What is the significance of the letter "R"?

A Reserve.

MR. JANIS: For the record, Mr. Nields, you are pointing to the block that says CSF Investments, Limited, R.

MR. NIELDS: Correct.

THE WITNESS: That is where I put the -- what I refer to as reserved money. Upon my return to the United States I watched the video tapes of General Secord's testimony. He refers to them as CDs. There was no such thing as CDs, cash certificates of deposit. It was an investment in CFS Investment. I referred to it as reserve. The reserve to me meant monies that technically should have been set aside and not to be used for operational purposes.

That was used for insurance. It was used for --

BY MR. NIELDS:

Q I want to be absolutely sure I understand what you are saying about CSF. Are you saying that that "R" stands for reserve on that chart?

A Yes.

Q Are you certain of that?

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CAS-3

1 A That is why I put it there. I put that "R" in
2 there.

3 Q I just note that there is an "A", a "B", a "C",
4 all in the upper right-hand corner of each box, a "D", "E"
5 and "F" and a "G" and "H" and "I", and then --

6 A Then we go to "R".

7 Q Those letters don't stand for words that begin with
8 "A" or begin with "B" or "C", I take it.?

9 A No.

10 Q That is just an alphabetical listing. Are you
11 saying "R" is not an alphabetical listing?

12 A You^g are right. That is correct.

13 Q I am going to put in front of you, Mr. Hakim,
14 what we have been referring to as the ledger. Do you also
15 refer to it as the ledger?

16 A These are the documents that I supplied or this is
17 your worksheets?

18 Q Yes, you supplied us with these documents. As you
19 can see, they bear your consecutive numbering system from
20 page 957 through page 1146. You may peruse them if you
21 wish before answering my question.

22 MR. JANIS: When you say "your consecutive numbering
23 system", those are numbers that were put on by the committee?

24 MR. NIELDS: No. They were on there.

25 MR. JANIS: H-957?

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CAS-4

1 MR. NIELDS: Maybe they were put on by us. I am
2 sorry. They were put on by us. I beg your pardon.

3 THE WITNESS: I have looked at the documents,
4 Mr. Nields, can you please repeat your question.

5 BY MR. NIELDS:

6 Q Well, I had asked just a very tiny question to
7 begin with, which is whether you also called that the ledger.

8 A I didn't call it any names.

9 Q Let's call it -- it is not a bad name -- let's call
10 it ledger from now on, okay?

11 A I have no problem.

12 Q What does the ledger, and by that I mean all of the
13 documents that I put in front of you --

14 A In this binding.

15 Q In that binder, yes, extending from H-957 to H-1146.
16 What does that represent?

17 A These documents, to the best of my knowledge,
18 have been produced as the result of the work of my attorneys
19 and the accountants that they employed.

20 MR. JANIS: No, let's go off the record.

21 (Discussion off the record.)

22 THE WITNESS: I want to clarify one point that --
23 when I defer to my lawyers, I continue to include Mr. Zucker
24 still as my lawyer.

25 I believe these are the documents that were prepared

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CAS-5 1 I had not seen these before. I believe these are the
2 computer printouts that his organization produced for the
3 purpose of giving it to you.

4 BY MR. NIELDS: /

5 Q Well, I want to get to that in a minute, but my
6 first question is simply what do they represent? What do
7 they purport to -- see if I can ask the question in a way
8 that is easier to understand.

9 There are a number of financial transactions
10 reflected in the ledger.

11 A Correct.

12 Q What is this -- what category of financial
13 transactions is this ledger supposed to cover?

14 A It shows debits, credit, and balances.

15 Q Yes, but with respect to what kind of transactions?

16 A This first page refers to --

17 Q Let me withdraw it and ask you another way. Is
18 this ledger designed to cover all of the Iranian arms
19 transactions and all the transactions relating to the support
20 of the contras that you and Mr. Secord engaged in?

21 MR. JANIS: Do you want to take a minute to look at
22 them?

23 THE WITNESS: May I take a moment and look at these,
24 please?

25 MR. NIELDS: Yes.

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CAS-6

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(Discussion off the record.)

MR. NIELDS: Shall we go back on the record?

Is there a question pending?

(Whereupon, the reporter read the pending question.)

MR. JANIS: If you know.

MR. HAKIM: Mr. Nields, I have not seen these records before. I have not examined them, but if the result of all these transactions shown in this so-called ledger would be the same as what I testified to during my Paris testimony when I gave you the inputs and outputs in all the accounts and then the answer to your question is yes.

BY MR. NIELDS:

Q Well, that document that you are holding in your hand and testifying about was produced by you to these two committees in Paris. You are aware of that?

A Yes, sir, I am.

Q And that was produced, I take it, at your direction?

A Correct.

Q And it was produced because it relates to the receipt of contributions for the Nicaraguan resistance and the proceeds of sales of U.S. arms to Iran?

A Yes.

Q And it is a document, I take it, which purports to account for how those monies were spent?

A Yes.

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CAS-7

1 Q And it was, I take it, prepared by your agents?

2 A Yes.

3 Q And those are people at CSF?

4 A That is also correct.

5 Q And I will state that we have reviewed^e this ledger.

6 It appears to account in one way or another for all of the
7 monies received into the bank accounts that you have testified
8 about and that you have produced the records of to these
9 committees?

10 A Yes, sir.

11 Q And I take it you have no knowledge inconsistent
12 with that and you believe indeed that that ledger does
13 account for all those monies in one way or another?

14 A In that context, yes.

15 Q And you are not aware of any bank accounts which
16 you have not produced to these committees which relate in
17 any way to the receipt or disbursement of monies contributed
18 for the Nicaraguan resistance or monies received from the
19 sale of arms to Iran?

20 A Not that I am aware of.

21 Q Now, what I would like to do is -- this time I am
22 going to mark this as Exhibit 1 to this deposition.

23 (Whereupon, the document referred to
24 was marked for identification as

25 Hakim Exhibit 1.)

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CAS-8

BY MR. NIELDS:

Q Mr. Hakim, I am putting in front of you a document which has been marked Deposition Exhibit number one, and it consists of some pages out of the ledger which you have just finished testifying about.

A Yes, sir.

Q I would like you to address yourself first to the first page and it is a page that is numbered H-957 and it says up at the top left, "capital invested". Below that it says "capital invested, total group". What does "capital invested" refer to?

A I don't know what the accountant/bookkeeper had in mind by that terminology.

Q Well, there is a -- down below there are a list of five names, Albert Hakim, Korel Assets, C. Tea, Scitech and Button.

Now, you have told us what C. Tea denotes?

A Yes, sir.

Q That is Tom Clines; is that correct?

A Yes.

Q And did he receive some -- I think you have already testified that he did -- receive some profits in effect, commissions out of the transactions?

A That is correct.

Q And they were put in a capital account under the

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CAS-9

1 name C. Tea?

2 A Yes.

3 Q And this document on its face relates to capital
4 and then underneath it has C. Tea and an amount of money.

5 Is that an amount of money put into C. Tea, that is,
6 Tom Clines, capital account?

7 A It should.

8 Q Okay. Now, then there is at the top, it says
9 "Albert Hakim" -- that is you, I take it?

10 A That is right.

11 Q Now, is this, the numbers opposite that
12 represent your capital account?

13 A After they put everything together and show that under
14 my name -- in other words the original arrangement had the
15 box that we referred to earlier as reserve -- that has been
16 combined with everything else in here and has been shown under
17 my name.

18 Q Okay. Let's see if we can come back to that.
19 What ^{does} ~~is~~ Korel Assets refer to?

20 A Korel Assets was again a situation that I had
21 an existing company for a different purpose and I used it to
22 collect or keep the portion of the commission that was
23 supposed to go to General Secord. That was the intent of it.

24 Q How about Button?

A That was set aside some time back from the monies

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CAS-10 1 that we could afford to set aside for death benefits.

2 Q Why was the word Button used?

3 A Most of these things came about as a joke or
4 something like that. I believe something button-up or
5 something, I don't recall now.

6 Q Well, bellybutton is the word that appears in
7 handwritten ink on one of the documents that you turned over
8 to us.

9 A That could be bellybutton, yes.

10 Q What does that have to do with death benefits?

11 A No, you know, probably wiggle and touch somebody's
12 bellybutton. I don't remember now. It has been such a long
13 time.

14 Q All right. What kind of death benefits was this
15 set aside for?

16 A If I had the dates, I probably could help you better.

17 Q May 20, 1986.

18 A May 20, that was when this thing started?

19 Q That was when the \$200,000 was put into the
20 capital account in the name of Button.

21 A It should -- that is probably one we got organized.
22 This money should have been set aside earlier having to do with
23 the contras. So I don't know why the -- May 1976 --

24 Q 1986.

25 A 1986. It was one of the reserve accounts for death

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CAS-11 1 benefits. How we got to that at that date, I don't recall.

2 Q Why is there a reserve account for death benefits
3 listed as one of the five capital accounts?

4 A It was bearing interest for the benefit of the
5 pilots and so on that -- we set that sum of money aside and
6 left it. bear its own interest and benefit for that purpose,
7 for the account of those people. We didn't want --

8 Q Why was it put in a capital account?

9 A Like I said, we did not want to benefit from the
10 income and interest of the money that we had set aside for
11 that. It should be allocation of interest to this, I am
12 surprised that it is not. Maybe we started out with less
13 money and that was the total then, I don't know. But the
14 intention was it should be an interest bearing account.

15 Q Why wouldn't it be a reserve for expenses rather than
16 a capital account?

17 A For expenses you didn't need reserves. The monies
18 we should not have spent we always set aside in a capital
19 account.

20 MR. JANIS: Mr. Nields, I have a question. Maybe I
21 misunderstood you.

22 Did you indicate that Button was deposited on May 12,
23 1986?

MR. NIELDS: May 20.

MR. JANIS: The first page of the Exhibit 1 says

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CAS-12 1 trial balance from January 1, 1984 to April 12, 1986. That would
2 purport to enclose a month before you said that the Button
3 deposit was made.

4 THE WITNESS: My testimony was that I was surprised.
5 It should have been earlier.

6 BY MR. NIELDS:

7 Q Turn to the second to the last page of the exhibit.

8 MR. JANIS: The second to the last page of the
9 exhibit, H-970?

10 MR. NIELDS: H-970, upper left corner, the numbers
11 "20" and "5".

12 MR. JANIS: At the very top it says again from
13 January 1, 1984 to April 12, 1986.

14 MR. NIELDS: Do you see the "20" and the "5"?

15 MR. JANIS: I see that now.

16 MR. NIELDS: Okay. Would that denote the 20th day of
17 May?

18 MR. WECHSLER: It doesn't have a year, though,
19 does it?

20 MR. NIELDS: We will get to that.

21 MR. JANIS: The document is labeled to April 12th,
22 1986.

23 MR. NIELDS: Wait a minute. You are using American
24 dating. This is European dating and it is the fourth day of
25 December 1986. Isn't that right?

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CAS-13

1 MR. JANIS: I don't know if that is how they did it.
2 You write normally on a Swiss document, it is run this way,
3 but this is --

4 MR. NIELDS: All of this, look at the left-hand
5 columns of it. They are all done with the day first and
6 month second.

7 MR. JANIS: So you mean this is from January 1,
8 1984 to December 4, 1986.

9 MR. NIELDS: Precisely, and you will notice there are
10 numerous entries long past April 1986 on the capital
11 accounts. I have just put in front of Mr. Hakim a wire
12 transfer of \$200,000 on May 20, 1986, and you will find another
13 reference unambiguously 1986 on page 962 of Exhibit 1,
14 H-962 of Exhibit 1.

15 MR. JANIS: I think you are right.

16 MR. NIELDS: 25 CSF investment rate, Button,
17 \$200,000. If you look at the entries before you will see that
18 it is 1986, the year is written up above it.

19 MR. JANIS: Yes.

20 MR. HAKIM: The instructions that I had given,
21 Mr. Nields, to CSF to set that money aside was not in 1986.
22 It was a long time before that.

23 BY MR. NIELDS:

24 Q That is why I want to ask you about this transaction.

25 I take it what you are saying is that much earlier than that

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CAS-14

1 you suggested that they set some money aside for
2 death benefits?

3 A And it should bear interest and have its own
4 income.

5 Q Fine. But what I am asking you now is about a
6 different transaction which is the one in May, May 1984.

7 A Yes, sir.

8 Q Now, I want to know what that transaction related
9 to.

10 A I don't believe this is any different than that.
11 However, my assumption is that CSF until 1986 when I started
12 to really get into trying to organize things, did not carry out
13 my instructions and kept everything intermingled and when I
14 started to look at the accounts and ask them where is what and
15 I noticed that they did not do it, and that is when they
16 effected my instructions.

17 Q Let's take this in pieces now. Are you saying that
18 you of your own memory know that Button refers to insurance?

19 (Witness conferring with lawyer.)

20 THE WITNESS: What I remember, Mr. Nields, is that
21 at a time much earlier I told CSF to set aside monies for
22 death benefit. When we gave the name Button to this, I don't
23 remember that date.

24 BY MR. NIELDS:

25 Q Do you remember -- you are saying, Mr. Hakim, that

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CAS-15

1 you remembered that the word "Button" was applied to death
2 benefits?

3 A That was my instructions.

4 Q You instructed them to apply the word "Button" to
5 death benefits?

6 A Yes.

7 Q And you are saying that you remember that?

8 A I -- that is correct.

9 Q So you are not -- this isn't just guesswork. You are
10 testifying that Button refers to death benefits?

11 A That was my -- I am saying that I told them, where
12 is the \$200,000? And they asked me under what account do you
13 want it, to keep it, and I said "Button".

14 Q Okay. Now, what was your reasoning for using the
15 word "Button"?

16 A If I am not mistaken, it came about as the result of
17 the terminology that Mr. Zucker used saying in the meeting that
18 I had with him, he talked about a wiggling, touching,
19 bellybutton, that is how it came about. He came up with
20 the verbiage and I said why don't we use "Button" for that
21 purpose.

22 Q What does wiggling and touching bellybuttons have to
23 do with death benefits?

24 A I think it had to do with the family of the possible
25 victims that somebody had to wiggle their bellybuttons. I ^{think} ~~can~~

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CAS-16 1 that is how it came about. It does not -- unlike, for instance,
2 C. Tea doesn't represent a name. Is that what you are trying
3 to discover?

4 It is not referring to anyone's name.

5 Q You are saying that now?

6 A Yes. I am saying that this does not refer to anyone's
7 name. For instance, C. Tea, it was a reversed arrangement of
8 Tom Clines. This came about as a result of the discussion
9 that I had with Mr. Zucker and had to do with the family of
10 the possible victims that we needed to touch -- I don't
11 remember the verbiage that we used, I said somebody needs to
12 go and wiggle the bellybutton of the families, the wife, the
13 kids, and I said, "Button".

14 Q Can you think of a person whose name this could be
15 in the same way that C. Tea is Tom Clines?

16 A No, I don't.

17 Q You can't think of anybody?

18 A No.

19 MR. JANIS: Do you want to suggest somebody?

20 MR. JANIS: Yes. I think it is fairly obvious.

21 I suspect Mr. Hakim has already thought of it. It is
22 Mr. Dutton's name with his first initial on the beginning of
23 it, "Button".

24 THE WITNESS: Absolutely not. No.

25

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CAS-17

BY MR. NIELDS:

1 Q And put in the capital account twenty days after he
2 started working.
3

4 A Absolutely not. I testified that this does not
5 represent --

6 Q I understand that. You have already testified to
7 that.

8 A No, no, definitely not.

9 Q What does SciTech refer to?

10 A SciTech refers to an image echo of Stanford
11 Technology Trading Group. If you look at the complete
12 name --

13 Q Whose capital account is this?

14 A This would be -- this is what I am testifying. It is
15 a reflection of Stanford Technology Trading Group outside
16 of the United States.

17 Q I see.

18 A If you look at --

19 Q Are you saying that this capital -- this means
20 that Stanford Technology is credited with this amount of
21 money?

22 A What I am -- I am explaining to you what the name of
23 the capital account means.

24 Q Okay.

25 A As far as the bookkeeping and the accounting is

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CAS-18

concerned, we have to deal with that separately.

Q All right.

A I am first explaining SciTech, I believe it has -- that is not the complete name. It is trading group or something after that. If you take the initials of this company's name, it will be identical to STTGI in the United States, SciTech Trading Group International.

And the reason for choosing that name was that as we get into this further I expected at one point to spin my activities off and get out of the politico-military intelligence part of the Iranian initiative and start with what I referred to as the joint venture with Iranians and I wanted to use SciTech for that purpose.

Q Okay.

A As far as the allocation of money to this account is concerned, that requires examination.

Q Pardon?

A That requires further examination.

Q Do you know what the -- in other words, we have to look at the records to find out for whose benefit transfers into that account were made?

A No, no, it was for the benefit of SciTech.

Q Who were the beneficial owners of SciTech?

A Well, the beneficial owners of SciTech, it was in my mind at all times myself and Mr. Second. That is the way

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CAS-19

1 I looked at it. When I entered into these initiatives I was
2 hoping that soon I would be able to achieve what I was
3 employed to do and be able to spin off and get on with my
4 business activities with the Iranians and I came up with
5 the name SciTech to achieve^e that. I expected for a long time to
6 come we could not have an overt relationship with Iran and we
7 had to continue with a covert relationship and I certainly
8 did not want to continue to be part of the politico or
9 military or intelligence part of that, so I established
10 SciTech to do that. That was the entity that I intended to
11 use for this spinoff.

12 Q This, I take it, am I understanding you correctly,
13 this is the entity that you planned to use to engage in non-
14 military transactions with Iran once commerce with Iran
15 was opened up?

16 A Not quite so. The way I saw things going was that
17 once the two governments could communicate with each other on
18 the basis that both of them were satisfied they would not
19 need my services of going between them, then I could start
20 my relationship with the Iranians to do business with Iran.

21 It was -- it did not have to necessarily to wait until
22 the relationship was formalized. I didn't expect that to
23 happen that quickly. But I did intend to benefit from the --

24 Q -- from your involvement in the covert relationship?

25 A Right.

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CAS-20

1 Q Who is Keith Phillips?

2 A Keith Phillips was a gentleman that Mr. Secord
3 employed as a consultant. I believe he was living in Saudi
4 at that time and he was used to pursue the shelter project
5 that I earlier mentioned as one of our early projects
6 that we accepted to do on behalf of Marais International.
7 He was there and following that and he was following that up
8 on our behalf.

9 Q Did or does Keith Phillips have anything to do with
10 SciTech?

11 A You mean owning stock or anything as such?

12 Q Does he have a beneficial interest in it or did
13 he work for it and get compensated for his work?

14 A The idea was for him to get paid out of SciTech
15 because we -- it was a very strange situation. It was a
16 situation that total resources of STTGI was effectively used
17 for this covert activity and then at the same time
18 Mr. Secord and I did everything possible not to get STTGI
19 involved with this covert activity. We were not quite success-
20 ful to achieve that. Things got sloppy and messy. Like I
21 mentioned earlier, we created a shadow of STTGI outside of the
22 United States to do what STTGI should be doing without putting
23 any taint of the covert activity on STTGI in the United States
24 and that is why the creation of this SciTech.

Q I don't understand your answer. You -- the question

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CAS-21

1 was -- you said that Keith Phillips was to be paid out of
2 SciTech.

3 A And was.

4 Q And was paid out of SciTech.

5 A To the best of my knowledge, instructions were given
6 that Keith Phillips ^{was} ~~were~~ to be paid out of SciTech.

7 Q Was Keith Phillips being paid for work that he was
8 doing for STTGI?

9 A Correct.

10 Q Are you saying that that was done as a way of
11 compensating STTGI for the fact that its resources had been
12 used in furtherance of the covert operation?

13 A That is right.

14 Q Is that what you are saying?

15 A That is what I am saying. We had no other source
16 of income for STTGI except the covert activity. Our total
17 system was consumed by the covert activity.

18 Q Okay.

19 A We needed to keep it alive.

20 Q I want to get back to that, but let me switch back
21 to the Albert Hakim part of this ledger.

22 Q What does the \$6,800,000 represent in your
23 capital account? Is that your money?

24 A There are two questions in there.

25 Q Let me withdraw the first one and ask you the second

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CAS-22 1 one first. Is that your money?

2 A That is a very, very difficult question to answer,
3 Mr. Nields. Very difficult.

4 Q Let me withdraw the question and ask it a slightly
5 different way.

6 Was it put into your account on the belief and
7 intention that it was your money?

8 A Part of this, as I testified earlier, was put in
9 the account called the reserve with CSF Investment. When
10 the covert activity was terminated and it no longer existed,
11 the best place that I could park this money was under my name
12 and so the remainder of all the capital accounts outside
13 of those that were already allocated went under my name to
14 be held on my behalf.

15 (Witness conferring with counsel.)

16 THE WITNESS: If you refer to some of the other
17 documents you should see different categories of A.H., there
18 is A.H., A.H.-1, A.H.-2, A.H.-3. When I said a combination of
19 different accounts put under one umbrella, under my name,
20 that is what I am referring to. There should be a document
21 someplace amongst the documents that I gave you that has
22 annotation H-1, 2, 3, and so on.

23 BY MR. NIELDS:

24 Q I don't know what you mean for sure, Mr. Hakim.

25 We will go through those documents and find them.

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CAS-23 1 There are references in your individual capital account
2 ledger to "1's" and "2's" and "3's", some of them are just
3 "1", "2", "3", some have phase "1", "2", "3", and I will
4 get back to that, but I want to understand your answer first.

5 MR. JANIS: Just so -- I don't mean to interrupt
6 your examination, but by way of example, you see on page
7 H-965, May 21, there is a notation that says "CSF Investment,
8 A.H. sub-account 1."

9 MR. NIELDS: I see that. I was looking at that
10 a moment ago.

11 THE WITNESS: That is different.

12 MR. NIELDS: We will search for those in a minute,
13 but I would like to understand Mr. Hakim's answer first.
14 What is the answer to the question whether the \$6,883,000
15 was transferred to your capital account on the belief
16 and intention that it was yours?

17 MR. JANIS: Do you understand the question?

18 MR. NIELDS: I think he does.

19 (Witness conferring with his lawyer.)

20 THE WITNESS: Mr. Nields, do I understand that the
21 question that you are ^{asking} ~~asking~~ in simple English means that if
22 this was meant to be my profit? Is that what you are asking?

23 BY MR. NIELDS:

24 Q That is a good question and now that you have
25 expressed that question I would like to hear the answer to it.

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CAS-24

1 A No.

2 Q Was any part of it your profit?

3 A Yes.

4 Q And what part of it was your profit?

5 A But that needs a lot of work.

6 Q I don't mean the number. I mean the concept.

7 A But this -- First of all, they added these number

8 of accounts, A.H.-1, 2, 3, 4, that they should not have.

9 These were not my instructions. I don't know why they

10 mixed apples and oranges together. Notwithstanding that,

11 it is very difficult to answer that question. You are

12 asking for a formula of how this thing should have been

13 divided to show what my profit would have been, is that what

14 you are asking?

15 Q Well, I take it there was some money that should

16 have been transferred to your account because it was your

17 share of the profits?

18 Would you answer that?

19 A The only certain thing that was defined had to do

20 with the commission on the sales of arms for the benefit of

21 the contras. If the accounting would show that there are

22 monies from those commissions that I did not draw and they are

23 part of this 6.883 million dollars that definitely should

24 be classified as my profit or part of the profit left that

25 I did not draw from the commission of the sales of the contras.

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1 MR. JANIS: It is unclear to us, I believe, whether
2 the 6.883 million includes the amount that he drew as his
3 profit. Just looking at the document I can't tell that. At
4 least not sitting here. But there was -- I can't tell whether
5 some portion of this 6.883 million is supposed to be his
6 portion of the profits included in this 6.883 million. Maybe
7 you could help us by phrasing your question so that we
8 understand if that is what your understanding is. I am not
9 explaining it very articulately, but --

10 MR. NIELDS: No. But I understand what you are saying
11 It is, I think, fair to say from our review of the records
12 that this number, 6.883 million, reflects all of the money
13 that is not given to Mr. Hakim as an expense of the
14 enterprise and therefore it is logical to believe that it
15 includes whatever profits he was entitled to.

16 THE WITNESS: Includes a mixture. It is a fruit
17 salad.

18 BY MR. NIELDS:

19 Q Tell us, besides the profits that you say you
20 are entitled to for the sales of arms ^{+0 +0} ~~for to~~ contras, what
21 other monies are included in your capital account and why?

22 A There are expenses that are unpaid to this date.
23 I can give you by way of example. We have not paid --

24 MR. JANIS: I don't think you understood his question.

25 THE WITNESS: Expenses, any expenses you have to

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CAS-26 1 pay out of this.

2 MR. JANIS: He is not asking what liabilities there
3 are. He is asking you to the extent that monies are
4 attributed in this capital account, you indicated and he
5 agreed some portion of this was your profit, putting aside
6 what has to be paid in debts, what other elements make
7 up this figure. Is that correct, Mr. Nields?

8 MR. NIELDS: Yes.

9 THE WITNESS: Additional profits for me.

10 MR. JANIS: No, no.

11 THE WITNESS: I don't understand the question.

12 MR. NIELDS: Well, let's go to --

13 MR. JANIS: Give me a second, John.

14 (Witness conferring with his lawyer.)

15 THE WITNESS: Mr. Nields, I have been under the
16 impression that I have answered your question when I raised
17 the point about A.H. and A.H. subtitle 1, 2, 3, 4. They all
18 are indicating a purpose.

19 BY MR. NIELDS:

20 Q What were the purposes?

21 A One of the A.H.'s represented the two million
22 dollars reserve for self-insurance. Another A.H. represented
23 another \$2 million for reserve for another insurance. These
24 are the monies that ^{were} supposed to be used for these purposes,
25 of self-insurance.

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1 Then you have the ingredient of adding -- I don't
2 know what else, my profit -- then you have taken care of the
3 majority of the classification of the 6.8 million. The
4 rest I have to look at the records to know what they are.
5 I have been able to give you the explanation about most of it.
6 I need to look at the records to do that.

7 Q We will do that together in a minute. But I think
8 you mentioned four different categories.

9 A To the best of my recollection, there should have
10 been a A.H. account, and A.H.-1, A.H.-2, and if I am not
11 mistaken, also a A.H.-3.

12 Q Now, is the A.H. account your profit?

13 A The A.H. account to the best of my recollection
14 represented the account that I used to cover my expenses.
15 It is sort of a current checking account, if you will. It
16 was not a checking account, a regular expenditure account for
17 personal use.

18 Do I make myself clear?

19 Q All right. That is a A.H. Then you have given a
20 A.H.-1, which is two million, a A.H.-2 that is two million.

21 A I am not sure those subtitles exactly correspond
22 to that.

23 Q I understand, but you have come up with four to the
24 best of your recollection, four categories, A.H., A.H.-1,
25 A.H.-2 and A.H.-3.

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1 A Then there is possibly another A.H. representing
2 my savings from the profits. I don't recall. I simply
3 have to refer to the files.

4 Q Let's go back before we go to the details which
5 we will do in a minute. Let's go back to the first page
6 of Exhibit 1, again, and ask you what it represents. What do
7 these capital accounts represent?

8 A We talked about Albert Hakim.

9 Q We have talked about it a little, but you have
10 indicated that it does not represent profit. It may have
11 included profit, but it doesn't represent profit. And you
12 have said that it doesn't mean that --

13 A You are looking for one terminology that can package
14 this.

15 Q Yes, and it says capital invested. What does that
16 mean?

17 A I would say that the best way to reflect that today
18 is to call it the enterprise's money. That is the best way
19 until we get a chance to all sit down and thoroughly examine
20 it and look at it. That is the best way to classify it.

21 Q I understand what you are saying, that perhaps
22 legally it is the enterprise's money but I am asking on these
23 records what is it about the monies here that add up to
24 \$9,785,000, what is it that they represented when they were
25 put on this ledger as capital invested?

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1 A I don't know what the intention of the bookkeeper
2 was in preparing that. Why he put all these categories,
3 added these things together-- he should not have added
4 these together. He is just adding apples and oranges
5 together.

6 I have no idea why he summed these things up.
7 You know, he says total group. Why he chose to come up with
8 "group", I have no idea what he had in mind, what was his
9 preconceived notion that there was a group, so he is adding up.
10 In my mind, he is just adding apples and oranges. They
11 don't account for anything.

12 I don't agree with this representation.

13 Q Okay. I would like to turn to the sub-ledger
14 on these capital accounts that is headed "Albert Hakim".

15 Before I do that -- and I will do that in a minute --
16 but I want to turn to the composite ledger which occurs
17 between pages 959 and 962.

18 A What were the pages?

19 Q It goes from 959 to 962. I can tell you from
20 studying it that this accounts for all the transactions
21 that appear on all the individual ledgers under Albert Hakim,
22 Korel Assets, C. Tea, SciTech, and Button.

23 A Okay.

24 Q Now, what I would like you to do is turn to page 961,
25 and I am going to put something in front of you that may make

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CAS-30 1 this easier to follow.

2 You can use the original ledger as you wish, but

3 I think it is easier to see on this chart.

4 MR. JANIS: John, can we go off the record a second?

5 MR. NIELDS: Sure.

6 (Discussion off the record.)

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1 MR. NIELDS: Back on the record.

2 BY MR. NIELDS:

3 Q There is a transaction that occurs on pages 961 and
4 962 of the ledger and that you can see on a printout that I
5 have put in front of you, that shows \$26,490 credited to the
6 Hakim capital account, \$26,490 credited to the Korel capital
7 account, \$26,490 to the C. Tea capital account and 8833
8 to the Scitech capital account.

9 Now, that is a split of 30-30-30-10 percent of a
10 total number.

11 A Yes, sir.

12 Q What does that represent?

13 A I cannot be certain, but I believe it has to do with
14 the sale or resale of weapons in connection with the contras,
15 that our original arrangement with Mr. Clines changed.

16 Q It changed to what?

17 A One-third, one-third, one-third, after allocating
18 some expenses to Scitech.

19 Q When you say allocating some expenses to Scitech,
20 I take it Scitech ends up getting a plus in its capital
21 account?

22 A Well, yes, you are correct, but when you reflect it
23 back to STTGI in the States, then -- that is what I meant.
24 I am going back to the total picture.

25 Q All right. Now, who were the three 30s?

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1 A It is myself, set aside for General Secord, and Tom
2 Clines.

3 Q Now, below it, I believe this is the 2nd of June,
4 there is a similar 30-30-30-10 split, \$11,183, \$11,183,
5 \$11,183 and \$3,728.

6 What does that represent?

7 A My answer would be the same.

8 Q And then you will see above it on -- I can't read
9 upside down -- it is around --

10 A 79,167.

11 Q Yes. What is the date there, June 3? \$79,167,
12 \$79,167, \$79,167 and \$26,390. I take it your answer is the
13 same on that?

14 A Yes.

15 MR. VAN CLEVE: The year on this is what?

16 MR. NIELDS: '86.

17 MR. JANIS: Just a moment.

18 Okay.

19 BY MR. NIELDS:

20 Q At the bottom of the page, there is a figure of
21 258,398, 258,398, 258,398 and 86,133. That is another
22 30-30-30-10 split.

23 Is your answer the same on that?

24 A I would be very surprised if -- I cannot recall a
25 sale of, or a purchase -- depending how you look at it -- of

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1 weapons for the contras, that the total commission is here
2 what, about --

3 Q 800-some thousand dollars.

4 A \$800,000. It is possible. It means that the total
5 transaction had to be something around 2.5 million or a little
6 bit more, to come up with a 30 percent commission. It could
7 be. I don't know.

8 If there is a transaction that 30 percent
9 commission on that would total up to this 800-plus thousand
10 dollars, then I am surprised why Mr. Clines is getting one-
11 third, because, to the best of my recollection, Mr. Clines --
12 it was either the last or the last two transactions that got
13 one-third and he always received 20 percent, not 33 and a
14 third.

15 Q Until the last two or three transactions?

16 A Until the last one or two transactions.

17 Q Okay.

18 A That needed extra effort.

19 Q That is a late transaction. I think it is August
20 of 1986.

21 MR. WECHSLER: August 22, '86.

22 MR. HAKIM: I don't know how you came to this
23 one-third, one-third, one-third splice because --

24 MR. JANIS: It really isn't a -- it is not a
25 one-third, one-third, one-third split.

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1 MR. NIELDS: It is 30-30-30-10.

2 MR. JANIS: But if the 10 is expenses --

3 MR. NIELDS: If it is expenses, then it is one-third,
4 one-third, one-third.

5 MR. JANIS: Depending on how you assess it, if the
6 10 is to Scitech, which is Hakim and Secord, then it is a
7 70-30 split.

8 MR. NIELDS: Unless it is to compensate Stanford
9 Technology for expenses.

10 MR. HAKIM: The part that I have a problem with is
11 Tom Clines at that time having equal share as Richard and I.
12 That is where my hesitation starts, that there is something
13 off.

14 BY MR. NIELDS:

15 Q Did you think he had an equal share earlier?

16 A No, no. Earlier, like I testified earlier, he had
17 20 percent of the total commission or profit, whichever way you
18 want to apply to it.

19 Q What is your difficulty with the fact that he had
20 30 percent later?

21 A To the best of my recollection, it was only one,
22 maximum two, transactions that he had equal share as Richard
23 and I, unless there was a different agreement that I don't
24 remember.

25 I don't know whether I am helping you or not. What

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1 I am saying is we have to go back and look at the transactions
2 with Defex and the dates and see what we paid them, what was
3 remained and how -- we have to reconcile all this. We have
4 to go back to the source and restructure all this.

5 Q Do you recall a sale of arms that didn't eventually
6 go to the contras but was purchased by the CIA?

7 A I really don't know what happened to that. There
8 was a time that we had paid and purchased, and we were even
9 taking -- or we were threatened to pay for storage, that this
10 was after it was decided that we no longer would continue with
11 supply of weapons to the contras.

12 I recall not quite clearly that we had been left with
13 this shipment and, if we did not do something about it, we
14 would lose it or we would -- I think what had happened, that
15 we had a substantial down payment and all these things have to
16 be really clearly identified by referring to the records. I
17 am just talking from my memory, to the best of my
18 recollection.

19 I believe the last shipment we had made a
20 substantial deposit and, if we had -- if we would not take
21 over the shipment and pay the balance of it by a certain time,
22 we would lose our deposit.

23 There was a discussion whether we should go ahead
24 and pay the balance of this and give the shipment to the
25 contras or the CIA. I was not involved with what was going on

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1 between General Secord and CIA in transferring the assets, or
2 buy it and resell it to another arms dealer.

3 I know we had a problem with a shipment that
4 occurred when we did not know where we stood with the
5 Government as far as the contras were concerned, whether the
6 CIA was going to take over, they were not going to take over.
7 We were left with that problem to resolve and finally General
8 Secord resolved it.

9 A number of possibilities were discussed. I cannot
10 recall which one of them was finally put into effect.

11 Q Did you make money or lose money on the transaction?

12 A That last transaction? One of the possibilities
13 that we discussed was to resell it and make money.

14 Q Did you?

15 A If we did that, then we did. I don't remember.
16 Like I testified, at this time I don't recall how General
17 Secord handled that problem.

18 One of the options was to pay and resell it. If we
19 did that -- and if you recall, I earlier said --

20 Q The records reflect that you sold these arms to the
21 CIA for \$1,200,000 in August or September -- September.

22 Did you contribute your commissions or profits on
23 arms transactions before or after you received payment?

24 A Without referring to the records I cannot tell you,
25 Mr. Nields, because that period of time I was up to my

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1 eyebrows with the second channel, very busy, and that is why
2 I don't remember how it was finally settled.

3 Q How about at an earlier point of time? We have now
4 looked at four different transactions in which there were
5 30-30-30-10 splits. What is the best of your recollection as
6 to whether those splits occurred before or after you received
7 payment?

8 A To the best of my recollection, the pattern was when
9 we satisfied a shipment and when we had the money in our
10 accounts. We didn't -- there were a number of times that we
11 put ourselves at risk and, counting on receiving money at a
12 later date, we committed ourselves.

13 But generally we bought when we had the money and
14 when we paid the supplier and the goods were shipped and then
15 General Secord and I happened to be in Geneva we sat down and
16 looked at it and we decided if it was not an automatic
17 situation, we -- things had to be right for us to do it. We
18 had to be there to look at the bottom line and see what
19 happened and make the allocations.

20 Q Now, there are two different phases, are there not,
21 in connection with these sales of arms to the contras, or for
22 the contras?

23 A In which way, two phases? You mean one with the
24 Canadians and one --

25 Q No. I mean at an earlier point in time, the monies

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m' 9 1 for the arms came from the contras, or someone acting on the
2 contras' behalf, who would physically wire a purchase price
3 into the Energy Resources account. CALERO

4 A Are you referring to Mr. [REDACTED]?

5 Q Yes. At a later point in time, you received
6 directly into your Swiss accounts contributions which you used
7 in a variety of ways, one of which was to buy arms. Am I
8 correct?

9 A Well, now that I have been listening to various
10 testimonies, I understand that. But when monies were coming
11 into the enterprise accounts, I had no way of knowing whether
12 it was coming from Mr. Calero or -- I didn't distinguish or
13 differentiate between who was sending nor was I interested to
14 know.

15 I was told so much money would come in.

16 Q But you are a businessman. I think that is one
17 thing that --

18 A I should hope so, yes.

19 Q And as a businessman, you generally like to have --
20 you would prefer to have the money in your account before you
21 buy the arms; isn't that correct?

22 A Or the promise that the money would be there from
23 someone that we trusted.

24 Q Right. And that was a matter that you cared about
25 keeping track of, whether you either had the money or you had

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1 a promise from somebody that you trusted.

2 A Yes.

3 Q Now, at the earlier point in time the money that
4 you needed to buy the arms with was coming from Calero.

5 A I did not know that.

6 Q It was coming from somebody who was giving you the
7 money to buy arms.

8 A Okay, now I understand.

9 Q Later on you just had a pool of money sitting in
10 your bank accounts and you would decide when to use it to buy
11 arms; isn't that correct?

12 A I don't think that is the way it worked out. I had
13 no part in making decisions when to buy arms. I had no feel
14 or understanding or involvement in the operation of the
15 so-called war, you know. There was a war to be fought and
16 General Secord knew what was going on and his agents there,
17 and he decided when to buy, what to buy and how much to buy
18 and how to manage the total system, and he would also look at
19 what he had.

20 Q I will just state for the record that it is very
21 obvious from just looking at the bank records that you provided
22 to us that in the middle of 1986 the money for purchasing of
23 arms from Defex was just sitting in the accounts; it was
24 either there because of arms sales to Iran or it was there
25 because someone contributed it.

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1 A There was a time that we were not worrying about
2 where is the next penny going to come from.

3 Q In that situation, if you then used that money to
4 buy arms for the contras, would you -- money that was already
5 sitting in the account and had been there for some time --
6 would you distribute profits at the time you purchased the arms,
7 at the time you delivered the arms, or don't you know?

8 A Until the transaction was completed and the goods
9 were shipped, I do not recall the time that we distributed
10 profits, and there was a delayed situation because we were not
11 there to distribute the monies.

12 Q Well, then, how do you account for the 30-30-30-10
13 distribution of over \$800,000 in August of 1986? Is it
14 possible that that was a distribution of profit from
15 something other than arms sales to the contras?

16 A This I really don't know. That late in the game,
17 I don't know what that money was. If we sold -- you told me
18 that the money was from resale of arms to the CIA, if that was
19 in September? That was one-point-something million?

20 Q 1.2 million, September 24.

21 A Then we have to see if we charged the enterprise
22 for \$2 million. If we did that, then it is very possible that
23 we distributed the money prior to making the shipment to the
24 CIA. I don't know.

25 We really have to look at the records. I totally

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1 -relied on General Secord to tell us when, how much to divide.

2 MR. HOLMES: I wonder if I could ask a couple
3 questions on this point?

4 MR. NIELDS: Let me just say first that I have to
5 leave. If the witness is willing, you can continue without
6 me, or we can use the time to sort of go off the record and
7 talk with them for a couple minutes and talk amongst ourselves.

8 Why don't you ask your questions first and then tell
9 me whether you want to proceed in my absence or whatever.

10 MR. HOLMES: I want to pick up the baton. I just
11 wanted to finish this line of questioning.

12 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

13 BY MR. HOLMES:

14 Q Mr. Hakim, you knew an individual named [REDACTED]

15 [REDACTED] did you not?

16 A Yes.

17 Q He was the individual who operated [REDACTED]

18 [REDACTED]?

19 A I don't have first-hand information on that because
20 that is how it was told to me by General Secord.

21 Q He is the individual that you went to Lisbon,
22 Portugal, with to look at Defex?

23 A Yes.

24 Q And later on he was also an individual that you
25 contacted about this shipment of arms in approximately July

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1 of 1986, the shipment of arms that was at that point being
2 loaded in the Mediterranean?

3 A Does this have anything to do with [redacted]
4 [redacted]?

5 Q Yes, it does.

6 A It has absolutely nothing to do with the contras or
7 the Iranian initiative.

8 Q No, no. I am not talking about those arms of [redacted]
9 [redacted] I thought the question was if [redacted]
10 had something to do with it. I am talking about a shipment.
11 of arms being loaded on the Mediterranean aboard the Erria in
12 July '86.

13 A [redacted] had something --

14 Q It was eventually sold to the CIA through [redacted]
15 [redacted]

16 A It is very possible that General Secord used [redacted]
17 to be the agent to sell to the CIA. I don't know. I recall
18 vaguely some discussions about CIA not wanting to deal with ^{us} [redacted]
19 directly because of the taint, so it is very possible that
20 General Secord put him in touch with [redacted]

21 Q Do you recall any discussions with Secord about
22 that?

23 A About?

24 Q About putting [redacted] onto this problem
25 of the arms that were stranded in the Mediterranean.

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mkb 13

1 A No.

2 Q Do you recall any conversation with Secord about a
3 man named [REDACTED]

4 A Who?

5 Q [REDACTED]

6 A No, I don't. I don't believe I have ever heard the
7 name before. [REDACTED]

8 Q [REDACTED]

9 A I don't remember. This is the first time I hear
10 the name. To the best of my recollection, this is the first-ti-
11 I hear the name.

12 Q Now, there was a time when you were involved in the
13 direction of the Erria as it moved through the Mediterranean;
14 isn't that right?

15 A For what mission are you --

16 Q In particular in this mission, the movement of the
17 arms to [REDACTED]

18 A This is in connection with the sales to the CIA?

19 Q Yes.

20 What eventually became the sale to the CIA.

21 A I was not directing that movement.

22 Q Tom Clines was doing that then?

23 A I don't know. Most probably. I don't know.

24 Q Didn't you give directions to the captain of the
25 ship from time to time?

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1 A Not in connection with that shipment. I was --
2 there were two occasions that I recall that I gave directions
3 through the officers of the shipping agency to the captain.
4 One had to do with the T-72 tank from Iran [REDACTED]

5 [REDACTED]
6 Q All right. And on this occasion you didn't have
7 anything to do with the direction of the ship as it moved from
8 the Mediterranean to [REDACTED]

9 A If this is the shipment, the last shipment, the
10 stranded shipment, I had nothing to do with it.

11 Q Okay. You were aware that the ship was boarded [REDACTED]

12 [REDACTED]
13 while it was in the Mediterranean and the goods were examined
14 there?

15 A I am not aware of that.

16 Q And it was after that that the arms were trans-
17 shipped [REDACTED]

18 A This is the first time I hear this also.

19 Q You didn't know anything about [REDACTED]

20 A No.

21 Q Okay.

22 Now, do you recall any conversations with General
23 Secord about how the eventual sale was made to the CIA?

24 A No.

25 Q I guess you talked to him a little bit about it,

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1 because he said the CIA wouldn't buy it from you directly,
2 you needed a cutout?

3 A I remember that when we were deciding what to do
4 with the shipment that was sitting there. That was prior to
5 him making the decision. I testified that I don't recall what
6 was his final decision.

7 Q This conversation would have been approximately in
8 July of '86 while the shipment was still in the Mediterranean?

9 A No. My discussion took place before anything was
10 shipped or completely purchased. I said I recall that we had
11 an outstanding down payment or deposit with the supplier and
12 we had to make a decision either to forgo the deposit or pay
13 the rest and resell it.

14 That was one I lost track of.

15 Q So this would have been June perhaps of '86, maybe
16 early July?

17 A I don't know.

18 MR. JANIS: If you know.

19 MR. HAKIM: I really don't know. The best way I
20 can answer that question, to the best of my recollection, all
21 this was occurring at a time that General Secord and his
22 agents were talking to the agency about the total contra
23 situation, and I was totally out of that.

24 BY MR. HOLMES:

25 Q I didn't mean to get into this, and I will show you

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1 documents at another time. My point is simply that the sale
2 to the CIA [REDACTED] actually eventuated in the amount of about
3 two and a half million dollars, and I suggest the possibility
4 that you took the commission that would have been due to
5 [REDACTED] since you had brought [REDACTED] through [REDACTED]
6 on the sale.

7 Does that make sense to you?

8 A When you say "you," you mean who?

9 Q You.

10 A Albert Hakim.

11 Q The group there that was eventually sharing these
12 commissions.

13 A I am suggesting that -- I am suggesting that you
14 don't group us, because I testified I was not aware of what
15 was General Secord's decision at the time and how he handled
16 it.

17 Q All right. I don't mean that you personally did
18 it; I am saying the money comes in on your books in August,
19 that is about when this sale took place. Do you recall any
20 discussions that this \$800,000 amount could have been the
21 commission not on the sale by you [REDACTED] but on the
22 commission [REDACTED] to the CIA?

23 A I have no idea, sir. I really am -- the part that
24 you are questioning me on today is the first time that I am
25 hearing. I didn't hear from Mr. Secord or Mr. Tom Clines.

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mkh 17

1 This is the first time I am hearing it now.

2 This project was finally resolved.

3 Q Do you have any other explanation for why a
4 commission would have come on your books in August of '86?

5 A Without examining the total activity on the records,
6 I cannot offer any other explanation at this time.

7 Q It would have had to have been you who directed this
8 money out of the account, wouldn't it?

9 A Pardon?

10 Q It would have been you who ultimately directed the
11 money, the various amounts that we have discussed --

12 A You mean the distribution of the 250s?

13 Q Yes, the \$258,398 figures. You would have had to
14 direct those to be allocated at that time, wouldn't you?

15 A We jointly had to do that, General Secord and I.
16 I have testified that at no time did I, independent of General
17 Secord, make any allocation.

18 Q All right. So if I understand your earlier
19 testimony correctly, Secord didn't have the authority to
20 simply notify CSF to make this allocation by himself without
21 you doing so, as well?

22 A I believe you are referring, when you say Secord
23 didn't have the authority, you are referring to the part of my
24 testimony where I was explaining to Mr. Nields that at the
25 beginning of our relationship, or rather, General Secord's

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1 relationship with CSF, he did not have the same relationship
2 that I had, but later on, as time went on, General Secord was
3 known to CSF and had a different relationship.

4 Q So you are saying by August of '86 he may well have
5 simply directed that allocation without your knowing about it?

6 A It is very possible, yes.

7 Q And do you recall yourself allocating or directing
8 that allocation?

9 A I may have. I don't remember. It was a very, very
10 tense period at that time. We had so many issues that were on
11 hand to deal with.

12 Q I understand.

13 Aside from yourself and Secord, there was nobody
14 else in the world who could have directed those allocations;
15 am I correct on that? Clines couldn't have done so, for
16 example?

17 A Clines did not have the authority, definitely.

18 Q Was there anybody else in the world who had that
19 authority except yourself and Secord?

20 A Not to the best of my knowledge. The world is a
21 big place. No one that I knew in our structure had that
22 authority.

23 MR. HOLMES: Thank you.

24 I just wanted to -- I thought perhaps that
25 transaction would ring a bell.

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1 MR. NIELDS: Unless these other gentlemen feel
2 strongly the other way, I think we will adjourn until 10:00.
3 Is that okay?
4 MR. VAN CLEVE: Fine.
5 MR. HOLMES: Fine. I don't feel strongly about
6 anything at this point.
7 MR. NIFLDS: Okay.
8 (Whereupon, at 5:10 p.m. the deposition was
9 adjourned, to be reconvened at 10:00 a.m. on May 23, 1987.)

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DEPOSITION OF ALBERT HAKIM

Saturday, May 23, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

4208

The Committee met, pursuant to call, at 10:00 a.m., in
Room H-128, The Capitol, with John Nields presiding.

On behalf of the House Select Committee: John Nields,
George Van Cleve, John Fletcher, Joseph Saba, Robert Brink,
Ronald Points.

On behalf of the Senate Select Committee: Arthur Liman,
Cameron H. Holmes, Timothy Woodcock, Louis Zanardi, David
Faulkner, Nicholas Wise, Paul Barbadoro, John Monsky.

On behalf of the Witness: N. Richard Janis, Lawrence H.
Wechsler, and Clement R. Gagne, III; Janis, Schuelke &
Wechsler, 1728 Massachusetts Avenue, N.W., Washington, D.C.
20036.

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by K. Johnson, National Security Council

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20036.

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1 Whereupon,

2 ALBERT HAKIM

3 having been previously duly sworn, was examined and testified
4 further as follows:

5 MR. JANIS: Before we begin today, there are a
6 couple of things I want to state for the record, some of which
7 may have been stated yesterday on the record, some of which
8 may have been discussed off the record; but I just wanted to
9 make a couple of things clear.

10 I think it is fair to say -- and I think, Mr. Nields,
11 you would agree with me -- that although we determined that
12 the proceeding yesterday and today and however long this takes
13 is going to be in the format of a deposition, the idea from
14 both our points of view was to prepare the witness for his
15 public testimony, both by refreshing his recollection and
16 confronting him with documents in order to do that and --
17 as well as to prepare the staffs of the committees for what
18 he was going to testify to, the idea being that it was an
19 effort at a -- although in a deposition format, an effort to
20 cooperatively prepare for the forthcoming hearings.

21 I think you would agree with that, Mr. Nields?

22 MR. NIELDS: Yes. We want Mr. Hakim's help. It is
23 not in our interests to try to ask him difficult questions.
24 We simply want to get as much benefit from what he knows as
25 we possibly can.

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1 We are doing this in deposition format because Mr.
2 Hakim's counsel has, for obvious reasons, insisted on that in
3 order to have immunity attached to what Mr. Hakim says.

4 MR. JANIS: Thank you.

5 In addition to that, I think we pointed out yesterday
6 there are certain -- it is our goal, consistent with that
7 spirit, to try to cooperate with the committee and, in that
8 spirit, after the proceedings last night, we went back to my
9 offices and spent a considerable amount of time trying to
10 review the records that you provided to us at the deposition
11 yesterday, as well as our own records and analyses, in order
12 to refresh Mr. Hakim's recollection about certain matters that
13 were inquired into, and in particular a matter inquired into
14 near the end of the proceedings yesterday, and I think to some
15 extent we have been successful in that endeavor, and I would
16 invite you, when we commence the proceedings here today, to go
17 back to that area and maybe inquire further.

18 I also invite you throughout these proceedings to
19 give us that opportunity to work in a cooperative manner,
20 because I think it is in our interests, frankly, but I also
21 think it is in the interests of both of the committees in
22 trying to ascertain the facts.

23 In addition, I'm not sure to what extent this was
24 placed on the record or off the record. There are a couple of
25 other things that I think are important to emphasize. One,

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1 as I think we said on the record, Mr. Hakim, although he does
2 speak English well, English is not his native tongue. It is
3 a second language.

4 My own experience with Mr. Hakim has confirmed --
5 and I think maybe to some extent you got a taste of this
6 yesterday -- there are times when it isn't even apparent but
7 there are language problems, interpretation problems.

8 Mr. Hakim sometimes uses words either more precisely
9 or less precisely than we would in a colloquial English sense.
10 I ask you to be patient about that and take that into account.

11 Secondly, in part because of the proceedings
12 yesterday and in part because of our efforts last night, it
13 became more and more apparent to me, as I have indicated, I
14 think, to you, Mr. Nields, off the record, that Mr. Hakim, as
15 you know, was not the custodian of these financial records.
16 He did not conduct the financial transactions. He did not
17 prepare the ledgers that we have provided to you.

18 Indeed, I believe he testified yesterday that he
19 hadn't even seen the ledger that you showed him. And while he
20 wants to be as cooperative and helpful as he can, and intends
21 to do that and answer any questions he is capable of
22 answering, to the extent you are looking to Mr. Hakim to
23 provide expert testimony or auditing or accounting analyses,
24 I think frankly he is -- it is really unfair to ask him to do
25 that.

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1 He is less able to do that than professional
2 accountants and auditors that you have at your disposal.

3 At the same time, to the extent there are specific
4 transactions and so forth you want to talk about, he wants to
5 cooperate fully.

6 But I think in terms of giving him a bunch of
7 accounting papers and asking him to do either an accounting
8 or auditing analysis, he is really not equipped. He has never
9 had that capability. He didn't perform that function with
10 respect to the operations into which you are inquiring.

11 I just wanted to alert you to that limitation.

12 MR. NIELDS: Okay. What I would propose to do is
13 when what was yesterday marked as Exhibit 1, when that comes
14 back in copy form I would suggest that we turn to that at that
15 time and that you ask him the questions which you believe
16 would be useful in bringing out the information that you and
17 he developed last night, and I will state right now that I
18 adopt each one of your questions and that he is compelled to
19 answer them.

20 MR. JANIS: Let me think about that.

21 MR. LIMAN: I think --

22 MR. JANIS: May we go off the record for a second?

23 (Discussion off the record.)

24 MR. LIMAN: I adopt Mr. Nields' suggestion. It is
25 in the interests of the committees to have testimony that is

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1 as accurate as possible, and if, as a result of the witness's
2 conference with you last night, he found that some of his
3 answered needed to be augmented, then he should augment them,
4 and that testimony would be as compelled as if it had been
5 given yesterday in answer to Mr. Nields' questions.

6 Just so that there is no doubt about it, on behalf
7 of the Senate Committee I adopt such questions as you will
8 now propose in order to clarify or augment the testimony that
9 he gave yesterday.

10 MR. JANIS: Thank you, Mr. Liman.

11 I think we can go ahead and proceed with that. I
12 don't know if we need the records. We have our copy.

13 MR. NIELDS: Why don't you go ahead with your copy
14 right now.

15 MR. JANIS: I am not sure he needs to look at this
16 anyhow.

17 EXAMINATION ON BEHALF OF THE WITNESS

18 BY MR. JANIS:

19 Q Mr. Hakim, yesterday near the end of the session Mr.
20 Holmes, I believe it was, was asking questions with respect
21 to a distribution of approximately \$816,000 that took place
22 in August of 1986.

23 Do you recall those questions?

24 A Yes, I remember that.

25 Q Do you recall being shown documents by Mr. Nields

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1 which highlighted the dates of distributions?

2 A I recall that also, and -- but I believe I had a
3 problem with the dates that they showed me, as we discussed it
4 last night. I would like to look at those again.

5 Q As a result of -- and we will show you that in a
6 second; I am sure they will -- as a result of the discussion
7 you had with counsel, without discussing specifically what was
8 said, but as a result of discussions you had with counsel last
9 night, your review of the records provided you by the committee
10 and your review of records provided to you by your own counsel
11 which have not been shown to you by the committee, and as a
12 result of discussions you had with counsel, do you have any
13 current recollection with respect to the disposition -- the
14 distribution of approximately \$861,000 on August 27, 1986?

15 A Yes.

16 Q Would you please amplify upon your answer
17 yesterday?

18 A Yesterday I did not recall any one particular
19 normal transaction. By the normal transaction, I meant that
20 goods were purchased; SAT, Southern Air Transport, was
21 commissioned to come and pick up the goods and take them to
22 contras.

23 That did not occur in one -- the documents were
24 shown to me. I was puzzled.

25 As the result of the questions that Mr. Hoffman

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1 asked and that --

2 Q Mr. Holmes?

3 A Mr. Holmes. I am sorry. Mr. Holmes.

4 Then I directed my thoughts to a transaction that
5 they referred to yesterday as the stranded weapons. Last
6 night when you showed me additional records and I started to
7 reconstruct the events in my mind and I first remembered the
8 position that Mr. Tom Clines had taken in connection with the
9 so-called stranded weapons, and the position that he took --
10 and I will explain that shortly -- I concurred with his
11 position and I do not recall whether we did that over the
12 phone. It was -- we were together. I just can't remember
13 that, but definitely I learned about his position and his
14 position was that this is going to be our last transaction in
15 connection with the contras and we should maximize our profit.

16 I did not disagree with his position. However, not
17 having had the total picture, the set of cards at any time,
18 and General Secord has always been in that position, I
19 expressed my acceptance of Mr. Clines' position that we
20 should indeed try to maximize our profit.

21 I do not recall that I participated in any further
22 meeting in deciding whether that decision was adopted or was
23 not adopted, but Mr. Clines' and my position of maximizing
24 our profit was clear to General Secord.

25 MR. NIELDS: I don't want to interrupt, but you

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1 said "clear to General Secord"?

2 THE WITNESS: That we wanted to maximize our profit.

3 MR. NIELDS: Does that mean Mr. Secord agreed to
4 that?

5 THE WITNESS: He knew what we wanted?

6 MR. NIELDS: He said okay?

7 THE WITNESS: This is what I don't recall. I will
8 go further and try to explain this.

9 MR. NIELDS: Okay.

10 THE WITNESS: The records that you showed me yesterday
11 Mr. Nields, led me to believe that the distribution of profits
12 were made in July, and that, if you recall, puzzled me, because
13 in July -- and I would like to refer, go back and look at those
14 documents that you showed me yesterday -- in July I happened
15 to be extremely busy trying to set up the August meeting in
16 Brussels, and I was under a lot of pressure by Mr. North, who
17 had a deadline to meet, the elections were coming up. He
18 wanted to take a vacation.

19 I remember the crazy days I had to be present in
20 Korea for a meeting. So when yesterday you mentioned July,
21 I was thrown off.

22 Our records last night indicated that the
23 distribution was made in August. That also helped me to
24 recall things a bit better and further investigated about the
25 date, and it started to make more sense because our records

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1 show that the purchase -- we completed the procurement of the
2 so-called stranded weapons in July and -- but we actually did
3 not get around to distribute the profits on that procurement
4 because of the fact that we were all busy with establishing
5 the second channel and, as I mentioned, my travel plans.

6 And it wasn't until August when we finally managed
7 to coordinate a date when we could meet with the gentlemen in
8 Brussels, and those dates fall within the same time period
9 that the distribution of the profit was made.

10 So all these put together reminded me that the 800 --
11 was it 61,000?

12 MR. LIMAN: \$861,000 is the rough figure.

13 MR. NIELDS: \$861,327.

14 THE WITNESS: -- was distributed at that time.

15 MR. JANIS: Maybe I can help.

16 BY MR. JANIS:

17 Q Mr. Hakim, to the best of your recollection, having
18 reviewed records, the purchase of the weapons that you
19 referred to as the stranded shipment, from whom were those
20 weapons purchased?

21 A To the best of my knowledge, to the best of my
22 recollection, we did not change pattern. I believe they were
23 purchased -- we continued to purchase those from Defex.

24 Q Approximately when were they purchased?

25 A I believe the records that we looked at indicates

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1 July of '86.

2 Q Approximately how much was paid for those weapons?

3 A If we have all the figures in the documents that you
4 provided me with, it should be around \$1.7 million.

5 Q Now, to the best of your knowledge, was the source
6 of those funds donations on behalf of the Contras or money
7 received from Mr. Calero, or was it money that was simply in
8 the enterprise?

9 A To the best of my recollection, by this time we --
10 or sometimes before that, we had stopped receiving money from
11 what I know to have been Mr. Calero.

12 I did not learn about this until looking at the
13 tapes, and by this time we were dealing purely with the income
14 from the sales to the Iranians, the enterprise money.

15 Q To the best of your knowledge?

16 A That is what I testified I said. That is what I
17 recall.

18 Q Now, the weapons, who determined what the commission
19 would be on the sale of those weapons?

20 A The pattern never changed. To the best of my
21 recollection, I am reasonably sure that I remember this thing
22 correctly -- I continued to be a good soldier throughout this
23 whole mission, and General Secord was the person who had the
24 total picture, and he determined, like always, as he has
25 testified from my interpretation of watching his tape, that

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1 he set the prices and the commissions.

2 Q Did you have any discussion with Mr. Clines that
3 you can recall about the commission on this -- what you termed
4 the stranded shipment?

5 This was apparently going to be the last contra
6 shipment? Was that your understanding?

7 A This was my understanding.

8 Q Did you have discussions with Mr. Clines whether a
9 normal commission would be charged on this shipment?

10 A I recall Mr. Clines and I had a -- he proposed, and
11 I agreed, that we should maximize our profit for this last
12 shipment.

13 Q Did you discuss with Mr. Clines specifically what
14 your commission would be, what percentage it would be?

15 A I cannot recall that, Mr. Janis, what that would be.
16 I recommended to him that, I agree with you, however, there
17 is a bigger picture. The bigger picture should not get
18 damaged and we should leave the decision to General Secord.

19 Q Is it your understanding that the commission of
20 \$861,000, that the \$861,000 represents the commission with
21 respect to those arms purchased from Defex for \$1.7 million?

22 A Based on what I have seen so far and based on what
23 I can recall, the answer is yes.

24 Q I realize that this, in light of your other answers,
25 may be speculative. But is \$861,000 approximately 50 percent

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1 of the purchase price of the weapons from Defex?

2 A I would say that is 50 percent of the figures that
3 have been shown to me. I do not have additional information
4 if there were other goods included in that shipment.

5 I could see only the payments made to Defex, and if
6 that is the only thing, then those two payments were the only
7 two payments to Defex, the answer is correct. If it
8 constitutes 50 percent.

9 Q And when we say 50 percent --

10 A 50 percent from what we call from the bottom, not
11 from the top.

12 Q And the 50 percent figure again, to some extent it
13 is hard to be precise, given the fluctuation in currency values
14 and bank commissions and that sort of thing; isn't that
15 correct?

16 A I agree with that.

17 Q Now, did there come a time when these weapons were,
18 in fact, sold to another purchaser?

19 A I learned that yesterday.

20 Q Do you know approximately how much was paid for the
21 weapons?

22 A I was told that \$1.2 million was paid for those.

23 MR. LIMAN: That is what you learned yesterday?

24 THE WITNESS: Yes, sir.

25

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1 BY MR. JANIS:

2 Q That \$1.2 million was deposited in the funds of the
3 enterprise; is that correct?

4 A It was reimbursement, yes.

5 Q And at the time were you involved in those
6 transactions with the purchaser?

7 A No, I was not.

8 MR. JANIS: Do you want to pick up now?

9 MR. NIELDS: Yes, sure.

10 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

11 BY MR. NIELDS:

12 Q First of all, did you have a chance yesterday, in
13 addition to consulting your records and your memory and your
14 lawyer, to consult with either Mr. Secord or Mr. Clines about
15 their recollection on this transaction?

16 A I did not speak with Mr. Clines, Secord or his
17 lawyers.

18 Q Was your recollection influenced in any way by what
19 you were told about their recollections of this transaction?

20 A Yes.

21 Q You referred to some additional -- and that is
22 yesterday, I take it?

23 A Last night.

24 Q You indicated that you consulted some additional
25 records that we have not seen. Could you describe those

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1 records for us?

2 A These are the worksheets that my attorney has
3 generated and created from the review of the accounts and the
4 records.

5 Q To your knowledge, are these records that your
6 attorney created based exclusively on the same documents that
7 you made available to the committee?

8 MR. JANIS: If you know.

9 THE WITNESS: I have no knowledge of that. I really
10 did not participate in the effort that Mr. Janis went through
11 in trying to provide you with, or cause me to provide you with,
12 the documents that I have had to go through, a lot of work to
13 do that. I don't know what else.

14 MR. NIELDS: Just off the record for a second.

15 (Discussion off the record.)

16 MR. NIELDS: Let's go back on the record.

17 BY MR. NIELDS:

18 Q I am going to show you a document --

19 MR. NIELDS: Let's mark this as -- I am going to use
20 it to refresh his memory. Let's mark it as Exhibit 2.

21 (The following document was marked as

22 AH Exhibit 2 for Identification.)

23 COMMITTEE INSERT

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1 MR. NIELDS: This is everything, all ins and all
2 outs.

3 I will state for the record that this is a document
4 prepared by accountants working for the committees, who have
5 gone over the documents and records that you supplied to the
6 committees in Paris. It is a record of all money going into
7 the bank accounts that you gave to us and all money going out
8 of the bank accounts that you gave to us. It excludes transfers
9 from one account to another.

10 Follow me?

11 THE WITNESS: Yes. I understand.

12 When you say one account to another, could you
13 qualify that?

14 BY MR. NIELDS:

15 Q In other words, if money moved from Albon Values to
16 Hyde Park Square, you will not see it on here.

17 MR. LIMAN: Inter-company transfers were eliminated.

18 THE WITNESS: From what I can remember and what I
19 have been told, in addition to the so-called inter-company
20 transactions, there were also, from our so-called enterprise,
21 there were monies transferred to CSF accounts back and forth.
22 That has created further confusion.

23 So do you include that, as well?

24 MR. NIELDS: Those are --

25 MR. ZANARDI: Those transactions have been

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1 eliminated. The only thing -- what we have is the \$47 million
2 which you testified to in Paris as the income, and only
3 expenditures that left the operating accounts and either went
4 to pay normal expenditures or went into the capital accounts.
5 That is what is left.

6 MR. FLETCHER: Let me clarify that. There are
7 several CSF accounts floating out there. There is a CSF
8 account that is in the legend, transfers back and forth.

9 Is that correct, Lou? Those would not be reflected
10 there. But a transfer to the CSF account, for example, in New
11 York, that would be reflected there.

12 MR. ZANARDI: What would happen, it goes one step
13 further. What it takes is the -- the transfer to New York and
14 expenditures that went from New York CSF or Brussels CSF to,
15 say, Southern Air or one of the vendors. That is what we end
16 up with.

17 MR. LIMAN: What we are showing him -- that is the
18 question he has. Maybe go off the record on this one.

19 (Discussion off the record.)

20 BY MR. NIELDS:

21 Q This document shows all money that goes into the
22 system?

23 A Okay.

24 Q All money that goes out, or comes back again, and
25 obviously washes are not reflected here and inter-system

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1 transfers are not reflected here. Money coming into the
2 system is reflected. Money going out of the system is
3 reflected and money going into capital accounts is reflected.

4 A Let's go at it and see what we find.

5 MR. NIELDS: Am I summarizing correctly?

6 MR. ZANARDI: That's right.

7 BY MR. NIELDS:

8 Q I am putting now in front of you a document marked
9 Deposition AH-2. You just testified, based on summaries of
10 these same records that you were shown by your lawyers --
11 discussed with your lawyers yesterday, purchase payments
12 totalling about \$1.7 million for arms.

13 A You are referring to the so-called stranded purchase?

14 Q Yes.

15 I have on AH-2 circled two numbers. One is
16 \$845,000 on July 10, 1986, and the other is \$881,987 on July
17 16, '86.

18 My question is: Are those the two numbers that
19 represent the purchase price of approximately \$1.7 million?

20 A To the best of my knowledge, and like I said
21 earlier, unless there were other factors involved, to the
22 best of my knowledge, these two form the total procurement for
23 the so-called stranded weapons. 1.7.

24 Q I should let the record reflect they add up to
25 almost exactly 1.727.

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1 A Yes. Okay.

2 Q And half of that is just under \$863,000?

3 I think your lawyer indicated maybe there are bank
4 charges and exchange --

5 A Currency --

6 Q -- currency exchange factors that might have
7 affected it. But the amounts that were --

8 MR. LIMAN: They add up to \$863,000, a little more
9 than \$863,000.

10 MR. NIELDS: You are right. It is a tiny bit over
11 863. Just over.

12 MR. LIMAN: Bank charges, which they must have taken
13 out.

14 MR. WECHSLER: Also exchange rates.

15 BY MR. NIELDS:

16 Q I just want to make the record clear on this.

17 On the next page of the same exhibit, on August 27,
18 1986, there are four numbers that go to Korel, SciTech, Hakim
19 and C. Tea in the amount of \$258,000 and some, \$86,000 and
20 some, \$258,000 and some, and \$258,000 and some.

21 I take it those are the profit distributions that
22 you just testified relating to the so-called stranded
23 shipment?

24 A That is the commission distribution, yes.

25 Q Which adds up to just over \$861,000, which we have

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1 computed to be almost exactly 50 percent of the purchase
2 price.

3 A It appears to be that, yes.

4 Q My question -- I think you answered this, but I just
5 want it to be clear.

6 My question is: Was this commission distribution
7 done at a time when it was still contemplated that the arms
8 would be shipped to the contras?

9 A The reason I chose the terminology "stranded" was
10 basically because there were so many options that was
11 discussed.

12 It may not -- in the context of the question that
13 you are asking, it may not relate to what I'm about to tell
14 you, but as a matter of principle, this was the other part of
15 the total picture of the Udall assets that was referred to in
16 the testimony of General Secord.

17 This whole thing had to be dealt with together, and
18 I had no participation when -- in the dealing -- when the
19 dealing with the CIA came about. I don't know.

20 What I know, it had to do with the process that had
21 to complete and finish our activity with contras. That is the
22 way I understood it.

23 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

24 BY MR. LIMAN:

25 Q I take it you bought the arms for the purpose of

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1 the contras; that is what you testified to?

2 A That was my understanding.

3 Q And there came a certain point when they were
4 stranded?

5 A That is correct.

6 Q And you learned yesterday that they were ultimately
7 sold to the CIA?

8 A That is correct also.

9 Q I think that the question is: At the time that the
10 profit distribution was made in August, on August 27, was it
11 your understanding that the arms were still going to the
12 contras or had you by that time learned that they had become
13 stranded?

14 A I still was under the impression that it was not --
15 had not found a home. That was my impression.

16 Q But was it your impression that they were still
17 working on getting them to the contras?

18 A Yes. That was my understanding.

19 MR. LIMAN: Thank you.

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end
tape 1

Dotson/drg
Take #2
11:00 a.m.

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1 BY MR. NIELDS:

2 Q I am going to switch topics entirely, and then I am
3 going to want to come back with these capital accounts and
4 CSF. I would like to mark this booklet Exhibit 3.

5 (The Following Document was Marked as Hakim
6 Deposition Exhibit No. 3 for Identification.)

7 COMMITTEE INSERT
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1 BY MR. NIELDS:

2 Q Mr. Hakim, I am putting in front of you -- this is
3 a book of the disbursements, noncapital disbursements, that
4 the accountants have determined left the accounts that you have
5 given us, and I would just like to go through them one at a
6 time and get as much help as we can from you as to what these
7 disbursements represent.

8 A Okay.

9 Q Page 1 is headed "CIA". Mr. Secord has already
10 testified --

11 A It's page 37.

12 Q Page 1 of 78.

13 A I am sorry.

14 Q Mr. Secord has already testified that these dis-
15 bursements went to an account that he understood to be a Swiss
16 account owned and controlled by the CIA. These were related
17 to the arms that were sold to Iran. I take it you have no
18 information that would contradict what Mr. Secord has told us.

19 A That is correct.

20 Q Okay. Page 2 relates to purchases from the moneys
21 that eventually went into the account that you identified
22 yesterday as the Defex account.

23 A Yes.

24 Q The individual disbursements are on the back of that
25 page, and I would like you to just take a look at those and

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1 tell us whether your understanding still is that each of
2 these disbursements went into an account owned and controlled
3 by Defex.

4 MR. JANIS: Are you asking if he has any independent
5 recollection other than what he has done here?

6 MR. NIELDS: I want to represent to him we have
7 determined each one of these disbursements went into the
8 account that he yesterday indicated was to the best of his
9 knowledge the independently owned Defex account. It is the
10 one numbered [REDACTED] which appears on the Hakim ledger.

11 MR. LIMAN: What is the question?

12 MR. NIELDS: I think he has already answered the
13 question, but I want to do this in a methodical way. I take
14 it you have no information different from what you told us
15 yesterday, which is these disbursements went to --

16 MR. HOLMES: What you just represented --

17 MR. NIELDS: You had better correct me.

18 Off the record.

19 (Discussion off the record.)

20 MR. NIELDS: Let's go back on the record.

21 BY MR. NIELDS:

22 Q We have been off the record for a few minutes with
23 respect to the page 2 of Exhibit 3, and the accountants are
24 going to get together, also off the record, with hopefully
25 Mr. Hakim's attorneys and see if we can't come up with an

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1 answer on this page, and I am going to skip it for now and
2 proceed to page 3.

3 Page 3 relates to disbursements that went to
4 Southern Air Transport. Mr. Hakim, if you turn it over, on
5 the back of the page, you will see individual disbursements,
6 and my question to you is: Can you tell us what the purpose
7 for these different disbursements was?

8 A It appears, from what I read here, that they were
9 for the transfer -- sorry, transport of weapons for the
10 contras, and possibly toward the end there are some payments
11 in connection with the Iranian Initiative.

12 Q But you can't tell us particularly which are which?

13 A I am incapable of doing that.

14 Q I take it Mr. Second would be the person in a
15 better position to know exactly what these individual dis-
16 bursements were for?

17 A If he has the facilities, the documents and backup,
18 definitely he is the right person to talk to.

19 Q On page 4, there are shown five disbursements to
20 Transworld, or, rather, six disbursements to Transworld Arms.
21 I take it those relate to, at least to the best of your
22 knowledge, to the transactions you testified about yesterday
23 in which Transworld Arms supplied arms for the contras?

24 A It appears to be that.

25 Q On page 5, there are reflected several disbursements

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1 to ACE. Do you know what ACE is?

2 A I believe, I am not sure, I believe that it is a
3 Panamanian company that was created either by Southern Air
4 Transport or Mr. Gadd's organization. I am not sure how
5 that worked out.

6 Q Do you know why it was created?

7 A I have no idea.

8 Q You don't know what the purpose was?

9 A No, sir.

10 Q Do you know what event its creation was connected
11 with?

12 A I have no idea, sir.

13 Q I take it you don't know, then, what the particular
14 purpose of these different disbursements was?

15 A With the information that is available in front of
16 me, the answer is no.

17 Q And can you tell us -- be careful here, I am not
18 trying to get you to answer this if you don't know it. Can
19 you tell us whether these were all related to the contras or
20 whether some of them might be related to Iran?

21 A I have really no idea.

22 Q Page 6 shows payments to Monzer Alkassar, two of
23 them. Who or what is Monzer Alkassar?

24 A I do not have first-hand information about this.

25 However, I do recall conversations, scattered conversations,

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1 between General Secord and Tom Clines that referred to this
2 gentleman. I believe he is a Lebanese or Arab-origin arms
3 dealer that Mr. Clines had to deal with in connection with
4 procurement of part of the items that he had available. That
5 is my recollection from scattered conversations between the
6 two. I was not part of a discussion in connection with deal-
7 ing with this gentleman.

8 Q Do I understand, from your answer, that to the best
9 of your understanding these disbursements are part of the
10 purchase price of arms?

11 A Yes. For the contras.

12 Q Is Monzer Alkassar in any way related to Defex?

13 A I believe he was introduced, again that is my
14 belief, introduced by Defex to Mr. Clines.

15 Q When these disbursements were made, who directed
16 that they be made?

17 A It was routine that Mr. Clines would report to
18 Mr. Secord, General Secord, the status of each procurement,
19 and Mr. Secord would go through a thorough analysis of those
20 transactions, understand them, and make a decision what to do;
21 and if payments were to be made, he would inform me and then
22 ask me to make the arrangement for the payments.

23 Q And then you would direct someone at CSF to make
24 the disbursement?

25 A Exactly.

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1 Q When he did that, did he at that time explain to
2 you what the purpose for the disbursement was?

3 MR. JANIS: This particular disbursement or in
4 general?

5 MR. NIELDS: If he can remember as to this particular
6 disbursement, I want him to answer that. If he can't, I want
7 to ask him if, in general, it was Mr. Secord's practice
8 to advise him of the reason for the disbursement.

9 THE WITNESS: I was continuously under the impression
10 that we were purchasing arms for the contras. So, in addition
11 to the fact that I did not make a habit of getting involved in
12 the operational aspect of things, I did not find it necessary
13 to question Mr. Secord, but I continued to believe that these
14 were for the purchase of arms for the contras.

15 MR. LIMAN: Off the record for one moment.

16 (Discussion off the record.)

17 BY MR. NIELDS:

18 Q We have just been off the record. We are now back
19 on the record. I have drawn your attention, Mr. Hakim, to
20 an entry on Exhibit 2 of August 30, 1985, showing a payment
21 to Monzer Alkassar of \$1 million. And my question to you
22 is: Does that payment to Monzer Alkassar relate to arms
23 that Mr. Calero has already paid for?

24 A Mr. Nields, I have a basic problem to answer this
25 question or any other questions similar to that because at no

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1 time, until after I listened to the various testimonies from
2 the tapes, I had any prior information as to who were the
3 payees, payors and donors of moneys that were coming into our
4 system. So I had no idea even if Mr. Calero was making any
5 payments. So I am incapable of answering any question which
6 is similar to the question that you are asking.

7 Q I take it what you are saying, in addition, is that
8 until the Iranian Initiative started, you had virtually no
9 substantive involvement in the transactions of what we have
10 referred to here as the enterprise.

11 A That is correct.

12 Q Let's turn to page 7 of Exhibit 3. There are listed
13 there some payments which are marked Robelo. Your records
14 indicate that those are disbursements to a bank account [REDACTED]

15 [REDACTED] Do you have any recollection as to what
16 those disbursements are about?

17 MR. LIMAN: What is the question?

18 MR. NIELDS: Whether he has any knowledge of what
19 these disbursements were about.

20 THE WITNESS: Can you help me to identify where this
21 bank is located? Is it a European bank?

22 MR. HOLMES: [REDACTED]

23 MR. WECHSLER: [REDACTED]

24 THE WITNESS: I can only guess.

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1 BY MR. NIELDS:

2 Q You need not guess. Down below it, there are dis-
3 bursements, two of them -- there are two disbursements to
4 TDB Codelis, and TDB Codelis cash in the amounts of \$101,500
5 and \$51,000. What is TDB Codelis?

6 A First of all, I would like to mention that for the
7 101,500, it's not shown as cash. Only 51,000 is shown cash.
8 The answer is I don't know.

9 MR. LIMAN: When you say it wasn't shown, it wasn't
10 shown on the schedule Mr. Nields has classified.

11 THE WITNESS: Mr. Nields classified both of them as
12 cash.

13 MR. NIELDS: I didn't intend to. I didn't think I
14 had. Mr. Secord has also told us he doesn't know what TDB
15 Codelis is. These banks come off the ledger TDB Codelis.

16 Off the record.

17 (Discussion off the record.)

18 MR. JANIS: Let's get back on the record.

19 BY MR. NIELDS:

20 Q Mr. Hakim, we have discussed this TDB Codelis
21 off the record and shown you a couple of documents. Has any-
22 thing refreshed your memory to the point you could make any
23 educated guesses?

24 A It hasn't refreshed my memory, but this TDB, as
25 Mr. Janis said, it might mean Trade Development Bank, reminds

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1 me of only one association with Trade Development Bank which
2 had to do with the time that we tried to get organized and
3 established a credit card arrangement. I believe I testified
4 to that yesterday.

5 And when we created this arrangement of having an
6 American Express, that's the only way that I relate TDB to
7 that. That's the only clue that I have in connection with
8 this.

9 Now, I also, from the other note you showed me
10 today -- can I see that one more time, please?

11 MR. JANIS: For the record, why don't we describe
12 this. This is a note produced among the documents provided
13 to the committees by Mr. Hakim. It is --

14 MR. LIMAN: What is the Bates stamp number?

15 MR. JANIS: H-1760.

16 THE WITNESS: This is handwritten notes from Mr.
17 Zucker. I recognize Mr. Zucker's handwriting, and the im-
18 pression that I get, Codelis is either an account or name of
19 a person in connection with TDB which has to do with Servid
20 structure, not ours. It's not related to our enterprise.
21 It's part of Servid's organization. Whether they are using
22 that for the purpose that I mentioned for the payment of the
23 American Express --

24 MR. JANIS: Who is Servid?

25 THE WITNESS: Servid refers to CSF.

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1 MR. NIELDS: It is short for Compagnie de Services
2 Fiduciaries.

3 I have just put another document in front of Mr.
4 Hakim bearing Bates stamp H-1607, it also has the word,
5 Codelis, on it, and at the top of the page it says, I believe,
6 "Re: American Express."

7 THE WITNESS: These two transfers total to this
8 101,000 that we are showing in Exhibit 3, page 7. There are
9 two transfers.

10 MR. JANIS: No, it is the same transfer.

11 MR. VAN CLEVE: I may note it refers to Codelis
12 SA, which suggests it is a separate Company. Does that help
13 you remember?

14 THE WITNESS: It definitely is not a company that
15 belongs to our network of companies.

16 BY MR. NIELDS:

17 Q But you think it might be part of Servid's network
18 of companies?

19 A I believe that would be closer to the truth.

20 Q Then do I understand you to be saying that it is
21 your recollection or guess that these disbursements are for the
22 purpose of paying American Express bills?

23 A I am saying that the only time that I can recall
24 Trade Development Bank got involved or we got involved with
25 them throughout our activities had to do with the American

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1 Express Company, so that's the only clue I have in connection
2 with any transaction with TDB. If CSF or Servid used this
3 facility for other purposes, I have no idea of that.

4 Q I understand. But these are disbursements that come
5 out, initially that come out of your accounts?

6 A So it is reasonable to assume that they were paying
7 the American Express charges.

8 Q Who had the American Express cards?

9 A I had one, and General Secord had one. The same
10 card.

11 Q Anyone else?

12 A No, not that I know of.

13 Q Do you derive any meaning at all out of the fact
14 these disbursements were from the Albon Values and the ToyCo
15 accounts?

16 Let me sharpen my question. Would that indicate
17 these are disbursements relating to Central America?

18 A That was my intent. If they really complied with it,
19 I have no idea, because they have repeatedly shown in their
20 bookkeeping they did not do proper allocation as I wanted
21 them.

22 BY MR. VAN CLEVE:

23 Q This may have been asked, but do they handle your
24 bookkeeping for American Express, CSF?

25 A Yes.

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1 Q So they were supposed to be bringing in those
2 charges, making allocations and paying the bills, is that
3 correct?

4 A Exactly.

5 MR. VAN CLEVE: Thank you.

6 BY MR. NIELDS:

7 Q Now, when they would pay a bill, I take it it
8 required your approval first?

9 A To the best of my recollection. As far as the
10 arrangement we had with American Express, we did not have
11 any track record, we didn't have any credibility with them.
12 We had to set aside a certain sum of money that would satisfy
13 American Express in approving the payments when we used the
14 American Express.

15 By the way, that leads me to make another conclusion
16 here. It's very possible that Mr. Zucker or CSF created
17 Codelis to put these moneys in there for the purpose of
18 American Express. But this is only a deduction.

19 Q You mean, I take it, they may have put the money
20 in that account in advance of actually running up the bills?

21 A We had to do it. That I recall. We had to --

22 Q But now, would they actually take money out of
23 one of your bank accounts without your prior approval?

24 A I would say they would, yes. I would say they
25 would for as long as they see that it would lose the

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1 credibility of a credit card and they knew the credit cards
2 were essential for us, if they would reach to a point that
3 there was no cover, I would not be surprised to see them
4 filling that account again so we could continue to use our
5 credit card.

6 As a matter of fact, I recall a number of times we
7 faced difficulties because the bills were not paid on time.

8 Q I want to make sure I understand this.

9 MR. LIMAN: Have they ever turned you away from a
10 hotel?

11 THE WITNESS: For airlines, that is true. There
12 were a couple times it was very embarrassing. Very embarrass-
13 ing.

14 BY MR. NIELDS:

15 Q As a general matter, I take it you would authorize
16 disbursements at Mr. Secord's request, but you would authorize
17 the disbursement before CSF would actually make it?

18 A Yes.

19 Q This was a disbursement to the best of your
20 recollection which was made before you ran up the charges?

21 A We gave a blanket approval to CSF to maintain the
22 funds as needed so we may continue to use the American Express
23 card, sir.

24 Q Did you tell them which accounts to take the money
25 out of?

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1 A We tried as much as possible, Mr. Nields, when we
2 turned in the, our copy of the American Express vouchers to
3 annotate those with the alphabetical annotations that you
4 referred to yesterday. Sometimes we adhered to our own rules,
5 sometimes we didn't.

6 Q Were the American Express cards used for both the
7 Iranian Initiative and for the Central American project?

8 A I can't remember when the cards were issued, but
9 they were issued at a time the contra deals were going on.
10 Yes, we would use them for that purpose as well.

11 Q So you can't tell as you look at these disbursements
12 of 101,500 and 51,000, you can't tell whether those were for
13 contra expenses or Iranian expenses?

14 A If our deductions and assumptions, as we have been
15 doing them for the past few minutes, are correct, and I see
16 the date, May, '86, and to the best of my recollection, May,
17 '86 we were still involved with the contra activities, so it
18 is reasonable to conclude that the American Express cards
19 also covered the expenses incurred for the contras.

20 Q Turning the page to the back of page 76 of Exhibit
21 3, there are two disbursements to, I guess it is Mchose,
22 Charles Lilac. Do you know what those are for?

23 A I should know what these are.

24 MR. WOODCOCK: Which one are you looking at?

25 MR. NIELDS: My question is what the purpose of

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1 this expense was. Was it related to the contras, related to
2 Iran or related to something else?

3 THE WITNESS: Technically, it should not refer to
4 either one of those. It should -- I am not saying that it
5 does -- it should have been paid out of my personal accounts
6 for my purposes, because this is the law firm that I work
7 with.

8 MR. VAN CLEVE: A California firm?

9 THE WITNESS: Yes. San Francisco.

10 BY MR. NIELDS:

11 Q These are, in effect, personal charges rather than
12 enterprise charges?

13 A It should have been -- I have seen so much sloppi-
14 ness in this whole thing that I would not -- I am not accusing
15 Mr. Zucker, believe you me. Mr. Zucker also uses the services
16 of the same firm. And one has to look to see if this bill
17 that came into Mr. Zucker's -- CSF's network, if the clerk
18 out there decided it is Albert's bill that had to be paid or
19 she differentiated between those.

20 Q Got it.

21 Who is Abdul Rahman?

22 A The expense for Abdul Rahman should be allocated to
23 SciTech, the allocation should have been made to SciTech. It
24 was a SciTech activity. I testified yesterday that SciTech in
25 certain areas represented STTGI, if you recall the testimony

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1 yesterday. This had to do with a transaction that had
 2 nothing to do with either the contras or the Iranian Initiative
 3 but with our activities in the UAAB. This is a gentleman who
 4 worked with us, and he incurred expenses. This gentleman
 5 is also related to the effort in connection with the activity
 6 that I testified earlier.

7 Q Robinette, is that money paid in connection with
 8 investigative services for the lawsuit that was brought
 9 against Mr. Secord in Florida?

10 A Not only Mr. Secord, also I was named as a defendant.
 11 That was my understanding.

12 Q Would you turn to page 8 of the exhibit.

13 Now, if the answer to this question is no --

14 MR. JANIS: You skipped those.

15 MR. NIELDS: Yes. We have information on those from
 16 Mr. Secord. I am not going to ask you about any of the other
 17 expenses on the back of page 7 because we have answers on
 18 those from Mr. Secord.

19 In turning to page 8, if the answer is no, simply
 20 say no.

21 Do you know what the disbursement to ^{CSF}~~CSF~~ Servid from
 22 the Dolmy account on the first of May, '86, in the amount of
 23 \$6,406 represents? Is that some kind of fee to CSF?

24 THE WITNESS: It could be possible. I don't know wha
 25 it stands for. It could be fees in connection with the

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1 procurement of a ship. Dolmy was the only account that was --

2 BY MR. NIELDS:

3 Q That is fine, we understand that, I think. There is
4 a reference here to a \$15,000 disbursement for a closing
5 entry from the Gulf Marketing account.

6 A I don't know.

7 Q Okay. There is a payment on the Udall account
8 reflected here, just under a \$4,000 amount, to Compania Del
9 Desroko. Do you know what that is about?

10 A I don't know.

11 Q There is a payment to the Bank of Korea in June of
12 1985. Do you know what that is about?

13 A I don't know. But anything to Bank of Korea must
14 be something related to me personally. But I cannot recall --
15 I don't understand what it means, Bank of Korea. That I don't
16 understand. In the total complex, the only one who has any
17 business relationship is me, and my wife is a native Korean --

18 Q There would be no business expenses paid to the Bank
19 of Korea that you could think of?

20 A No. Unless they -- I have no idea. It is possible
21 they could buy a check from there and use it for a different
22 purpose, I don't know. But my testimony is that I am the
23 only one and have been the only one who has had any business
24 transactions with Korea.

25 Q So, to the best of your knowledge and understanding,

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1 that would be a personal payment relating to you?

2 A That is one possibility. That's one big possibility

3 Q Could you turn the page. On the back of the page,
4 there is an expense.

5 MR. JANIS: That first one, I think you will find
6 from the records that have been produced, it is a CSF fund.

7 BY MR. NIELDS:

8 Q On the back of the page, there is a \$70,000 dis-
9 bursement from the Dolmy's account for CSF Guaranty Insurance.
10 Do you know what that relates to?

11 A No, I don't. I can guess.

12 Q Was there insurance for the boat?

13 A That was going to be my guess.

14 Q Do you know, was CSF an insurer itself, or would
15 you interpret this to mean that CSF obtained the insurance on
16 your behalf?

17 A I can tell you only what I asked CSF to do for us.
18 I asked them to make sure the ship was insured. I also recall
19 that Mr. Zucker had a very difficult time buying insurance.
20 He didn't want to mention what kind of hardware the ship was
21 carrying, and then he could not tell them, but he did manage
22 to get us insured. How he did it, I don't recall. He is a
23 very creative man, he could have made some sort of arrangement.

24 MR. VAN CLEVE: Do you recall the amount of the
25 insurance policy?

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1 THE WITNESS: I don't. It should have been at
2 least for the value of the ship and the estimated goods that
3 were being transported. That's my professional guess.

4 BY MR. NIELDS:

5 Q There is a reference a little further down on the
6 page to currency exchange totaling \$29,000. What does that
7 relate to?

8 A I have no idea. I can make a number of guesses,
9 but this could be -- was this thing -- are these expenses --

10 Q Expenses, yes.

11 A So it probably means that when we either cashed
12 out moneys for the exchange currencies -- in Switzerland, when
13 you go to a bank, even if you sneeze, they charge you for it.
14 So when you --

15 Q These are fees you believe for exchanging currency?

16 A Or cashing out moneys.

17 Q There is a reference to balance in transit, \$50,000,
18 and down below there is transfer to transit, \$310,000, and
19 your ledger has references to charges under the heading
20 "transit". What do they refer to?

21 A First of all, it's really not my ledgers, it's
22 CSF's ledger; and, secondly, I am not familiar with these
23 terminologies.

24 Q You don't know what these refer to?

25 A No.

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1 Q There is a disbursement to Bank of Ostar TA in
2 the amount of \$30,000 on the 17th of February, 1986. What
3 does that refer to?

4 A This is a bank in Brussels by chance?

5 MR. WOODCOCK: What is the transaction?

6 MR. LIMAN: Do you mean a transfer to a bank in
7 Brussels?

8 THE WITNESS: I remember as one of the techniques
9 that they used to lose trace of money and not have continuity,
10 we would purchase checks --

11 MR. LIMAN: It is suggested to me TA means Tel Aviv
12 and this may be a Tel Aviv bank. Does that ring a bell?

13 BY MR. NIELDS:

14 Q There was a transfer, transportation of arms from
15 Tel Aviv to Iran, a few days after the 17th of February, 1986.

16 A I cannot understand why we would transfer money to
17 Tel Aviv for that purpose.

18 Q You might need cash for crew payments in Tel Aviv
19 in connection with the flights to Iran.

20 A Then that is possible. That is possible.

21 MR. LIMAN: It is Bank Oxard Hashial.

22 THE WITNESS: That must be an Israeli bank.

23 MR. LIMAN: In Tel Aviv.

24 THE WITNESS: So my first deduction is incorrect,
25 and your assumption is closer to the fact.

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1 MR. LIMAN: It seems to have been wired to a
2 Yvett, Y-v-e-t-t, and then there is Demile, D-e-m-i-l-e. I
3 don't know which is the first name and which is the last.

4 THE WITNESS: Mr. Liman, I vaguely remember that
5 there was a time, now that Mr. Nields has given me more input,
6 that the operational people did not take enough moneys with
7 them to take care of the activities, and we had to do something
8 to get the money there. I believe that that's how it
9 happened.

10 BY MR. NIELDS:

11 Q There are references also on the same page to trips.
12 I am going to assume that you have no recollection of what
13 the first two trips refer to other than you would assume, I
14 take it, that these are expenses related to trips taken by
15 someone.

16 A That is correct.

17 Q Now, then, the third reference is trip WZ to the
18 U.S. I take it that refers to Willard Zucker.

19 A It must.

20 Q Do you recall his taking a trip to the United States
21 in July of 1986? And, if so, what was it for?

22 A Let me check something with Mr. Janis here.

23 Mr. Nields, I am ready to answer your question.

24 Q Yes.

25 A I believe that this has to do with a request that

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1 I made to Mr. Zucker to come to the States to evaluate for
2 me certain investments that we were about to make.

3 Q Which investments?

4 A If this trip is the trip that I think it is, it
5 has to do with the investment that I classify as the Marostica
6 disaster. This gentleman introduced to a friend of General
7 Secord, Larry Royer, and then from Larry Royer to General
8 Secord and then down to me three investments that when I
9 finally -- and I would like to underline finally -- looked
10 at it, I classified it to be too good to be true.

11 So I needed to really understand it, because General
12 Secord, for whom I have a lot of respect, normally makes good
13 judgments, and I had a feeling that this time he was off, and
14 I needed to verify that. So I asked Mr. Zucker to assist me
15 with that, especially I believe at that time, I may be wrong,
16 but I believe during that period General Secord was not avail-
17 able. So I did that with Mr. Zucker.

18 Q Let me see if we can finish this page, and then we
19 can zip through the rest of it fairly quickly.

20 There is a cash withdrawal of \$50,000 from Lake
21 Resources on the 18th of February, 1986. Do you know what
22 that relates to?

23 A No, I don't.

24 Q That is also within days of the transportation of
25 arms to Iran. Does that refresh your memory, or can you make

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1 a judgment about it?

2 A It may or may not relate to the needs of the
3 Iranian --

4 Q You don't know?

5 A I don't know.

6 Q I take it you don't know what these cash withdrawals
7 are right under it for \$2,144 and \$5,700?

8 A It says general expenses, so it could be expenses
9 incurred by General Secord, myself, or other people.

10 Q You don't know whether that is Iran, Nicaragua or
11 something else?

12 A No. I cannot allocate those.

13 Q Right below it is payment to the famous law firm
14 of Janis, Schuelke & Wechsler. Can you tell us whether
15 that is contra related or Iran related or something else?

16 A First of all, it should have been allocated to my
17 personal account. It should not have been sent from these
18 pigeon holes to Mr. Janis' firm. I made it very clear to
19 Mr. Zucker it should come from Albert Hakim to Mr. Janis'
20 law firm.

21 Again, this was another area sloppiness was in-
22 curred. It had nothing to do in either case. It had to
23 do with this famous crazy Florida lawsuit.

24 Q That has to do with the Central America --

25 A In my mind, with my involvement or lack of it.

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1 I really do not put it under any of those two activities.

2 Q But it does relate to the Florida lawsuit.

3 A Yes, it does relate to the Florida lawsuit.

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Q Okay. Down below, I am going to skip a bunch of things here, there is an expense for Garr, Inc. What is Garr, Inc.?

A I don't know, sir.

Q Underneath that, there is 10,000 to Davco Associates. What is Davco Associates?

A Davco Associates is a consulting firm in California that I employed for the use of STTGI or SDC. So, there were fees to them that either should have -- if it were -- if the services rendered by Davco were related to SDC, it should have come out of my personal account.

If it were related to STTGI, it should have come out of the SciTech account.

MR. VAN CLEVE: What is the general nature of Davco's consultants?

THE WITNESS: They are a confederation of independent retired people that provide consultants in various areas, security, business management. They have a broad capability.

MR. JANIS. May I have your indulgence for a minute?

BY MR. NIELDS:

Q Let's just finish the page. There is a disbursement to Agios, A-g-i-o-s. What does that relate to?

A I have no idea, Mr. Nields.

Q I am going to break. I think lunch is going to come at 12:30. You might want to break for five, and continue until

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1 12:30, and then break for lunch. Does that make sense?

2 MR. LIMAN: Sure.

3 MR. NIELDS: I would just keep on going.

4 (Discussion off the record.)

5 (Recess.)

6 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

7 BY MR. VAN CLEVE:

8 Q Mr. Hakim, we are back on the record. We are
9 proceeding to review what has been marked Exhibit 3. I ask you
10 to turn to page 10 of that book. Page 10 reflects a series of
11 disbursements to what I believe to be an individual named
12 Meno Eytan. Can you tell us the circumstances for these
13 disbursements?

14 A I don't recognize these accounts, whether it is
15 the name of an account or an individual.

16 MR. JANIS: Can we have some assistance here? I
17 don't think this is -- I think this is a bank.

18 MR. ZANARDI. It is a bank.

19 MR. LIMAN: I am told on the record that this is the
20 -- the Israeli account that is used for the Israeli Air Force
21 when it is reimbursed.

22 MR. JANIS: May we have a moment?

23 MR. LIMAN: To give you an illustration of it, you
24 can see the debit notices, but this is really the code name,
25 if I can use that, of the -- for the Israeli account.

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1 THE WITNESS: These are transfers from our system
2 to them?

3 MR. LIMAN: The Israeli account.

4 THE WITNESS: Yes.

5 BY MR. VAN CLEVE:

6 Q Does that information refresh your recollection?

7 A I have no knowledge of that.

8 Q Thank you very much. If you would turn to page 11,
9 please? As you can see, Mr. Hakim, page 11 reflects a series
10 of disbursements to SciTech, some of which are specifically
11 designated as payments to Keith Phillips or as a result of
12 the activities of Keith Phillips.

13 I believe you identified Keith Phillips for us yest-
14 erday. Can you help me out and just remind me who he is?

15 A Mr. Keith Phillips is a gentleman that General Secord
16 knows -- I believe I have met him once or twice -- to assist
17 us with this Marways shelter project in Saudi Arabia.

18 Q I notice that one of the transfers here is referred
19 to as SciTech TriAmerican Arms. I wonder if you could describe
20 the circumstances surrounding that transfer?

21 A This to me indicates that money went into SciTech
22 and from SciTech was sent to either TriAmerican Arms account --
23 I am not sure whether such an account existed, or it went to
24 the trust account of Mr. Marostica.

25 Q I believe you spoke just a few minutes ago about some

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1 of your dealings with Mr. Marostica, but I don't recall that you
2 told us specifically about the TriAmerican Arms deal. Could
3 you please tell us about that?

4 A I believe when Mr. Royer introduced Mr. Marostica
5 to General Secord, and Mr. Marostica came up with his out-of-
6 the-ordinary investments, that attracted General Secord's
7 attention, General Secord -- I believe I was overseas.

8 General Secord called me, very briefly explained
9 to me about the nature of the three projects, and asked me
10 if I would consider getting involved. My answer was that for as
11 long as I get a chance to examine this when I get back, it
12 sounds good.

13 He assured me that nothing concrete would happen
14 immediately, but we needed to show that we were interested in
15 these projects and if I could go ahead and participate in this
16 investment.

17 And as a result of that, I instructed CSF to transfer
18 out of SciTech \$150,000 to effectively Mr. Marostica, because
19 even if the account was established in the name of TriAmerican
20 Arms, I don't believe that anyone except Mr. Marostica had
21 signature power in that account.

22 To this date, I don't know whether that entity was
23 incorporated, but the reason they had TriAmerican Arms used as
24 a name was because three individuals were -- or three groups were
25 involved, Mr. Marostica, Mr. Royer, and General Secord and I as

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1 the third group, and I believe the reason they used arms was
2 because they were dealing with this submachine gun manufacturer
3 --

4 MR. LIMAN: American arms?

5 THE WITNESS: American arms. So, they just used
6 TriAmerican Arms.

7 BY MR. VAN CLEVE:

8 Q So, this payment would have been sort of in the nature
9 of earnest money in terms of beginning work on a deal?

10 A That is correct.

11 Q Is it your testimony these were your funds only?

12 A It is difficult to answer that question, frankly,
13 because it came out of STTGI. It was STTGI -- the way I had
14 structured it was to mean ST -- I am sorry -- let me correct
15 that. It came out of SciTech. SciTech, the way I structured it
16 was to mean STTGI overseas.

17 Q Was that also a 50-50 partnership between you and
18 General Secord?

19 A That is why I am saying it is difficult to answer
20 that question. I can only tell you what my intentions were.

21 Q Sure.

22 A I might have very well communicated that to General
23 Secord as well. That would be -- it was not discussed that it
24 was going to be a company that is going to have any activity.
25 We were totally absorbed by the contra-Iranian initiative; but

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1 this was a company that really was a shadow of STTGI overseas,
2 so the monies that went in there went into Mr. Marostica's
3 account from SciTech.

4 Q Excuse me for being a little slow here, but STTGI is
5 a 50-50 partnership, correct?

6 A Yes, that is correct.

7 Q Is SciTech also a 50-50 partnership?

8 A It was never put in that way. My intention was that
9 it was a 50-50 partnership between General Secord and I, but
10 I don't recall that at any time I had a discussion with
11 General Secord that SciTech is up on its feet and is doing
12 business.

13 Q When SciTech makes this payment, is it fair to
14 assume that it is a partnership investment?

15 A That was my intention. I would say that SciTech,
16 it took its first step of becoming active. That is the way
17 I would classify it.

18 MR. LIMAN: Let me just show you something so it is
19 precise. The actual payment, according to H-880, which is a
20 record that you produced, came from the bank account for Albon
21 Values Corp., and went to TriAmerican Arms.

22 THE WITNESS: Directly?

23 MR. LIMAN: Yes.

24 THE WITNESS: It shouldn't have.

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1 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

2 BY MR. LIMAN:

3 Q And -- now, the intention was, and it was charged on
4 these ledgers as a payment on behalf of SciTech; correct?

5 A Correct.

6 Q And SciTech was this mirror image of STTGI?

7 A Overseas.

8 Q That is correct?

9 A Yes.

10 Q This was the company that you and General Secord
11 were going to use for certain overseas activities in
12 connection with operations in Iran if the door ever opened;
13 is that my understanding?

14 A That is very correct.

15 Q The money now that was being transferred on behalf of
16 SciTech to TriAmerican Arms was in the nature of a capital
17 contribution to TriAmerican Arms on behalf of you and General
18 Secord, as I understand it?

19 A That is correct.

20 Q And the request for this capital contribution came
21 from General Secord, who was dealing with Marostica?

22 A Yes.

23 Q And, as I understand it, some \$60,000 was then
24 transferred by TriAmerican Arms to this machine gun company,
25 American Arms? Were you aware of that at that time?

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1 A I knew that the \$150,000 was going to be given as some
2 sort of a deposit, earnest money, or whatever the type of
3 discussion was to these three areas.

4 Q Investments?

5 A Investments.

6 Q So you knew there would be money that was going to
7 be paid out of the \$150,000 into these three investments.
8 One was, as I understand it, the machine gun company; another
9 was timber; some others were high-tech projects?

10 A No. No. The others had to do with food.

11 Q Yes.

12 A Food processing.

13 Q And you knew there would be some investments made
14 out of the \$150,000 on behalf of you and General Secord in
15 those ventures?

16 A My understanding -- if you don't distinguish
17 between investment and earnest money, then the answer is --
18 your statement is correct. I accept that.

19 Q And then I take it you sent Mr. Zucker there to look
20 at these projects?

21 A I went with him.

22 Q You went with Mr. Zucker? You concluded in your own
23 words they were too good to be true?

24 A We knew that from the outset, but we wanted to find
25 facts.

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1 Q Therefore, you didn't pursue the investments in those
2 companies?

3 A Well, that is not true. By then I had the opportunity
4 of having a short meeting with General Secord in our offices
5 in Vienna. I gave him a copy of the report that Mr. Zucker
6 had prepared, and I told him, Richard, I think this is a scam.
7 I have no trust in Marostica. This whole thing doesn't jibe.
8 I just don't like it.

9 General Secord being a General, he took command
10 and said well, I will look into it, and I will do the right
11 thing and from there on, to this date, he has been handling
12 it.

13 Q And has any more money been invested in them?

14 A I cannot remember clearly, Mr. Liman. I do remember
15 two issues. I remember an effort that was made to make a
16 transfer of \$200,000 again to the very same account of Mr.
17 Marostica.

18 Q This also was going to come from SciTech?

19 A It was supposed to come from SciTech. I also
20 recall the normal difficulty that I had with banks. Mr.
21 Marostica could not locate the money, and finally we -- we
22 got the money back. It never got to Mr. Marostica. That is
23 what I can --

24 Q That is what you remember as you sit here today?

25 A Today. But I also have another issue that is out-

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1 standing in my mind, but I cannot at this time find the
2 origin of this. That is in connection with the
3 timber deal we had -- the timber deal was a fascinating issue
4 that we were going to put in \$100,000 and end up with
5 millions of dollars in no time.

6 Q A highly leveraged transaction, by my standards.

7 A I tell you, it would have been the miracle of
8 the century.

9 Q It is only because you don't deal with junk bonds.

10 A So, I cannot, sitting here, recall how we made that
11 money available, but this time, I think we were smarter
12 and decided not to give it to Mr. Marostica.

13 We got it to the attorneys that we retained as a
14 result of our being in Seattle. So, I don't know how we made
15 that transfer.

16 Q In all of these deals, the machine gun deal, the
17 food deal, timber deal, how much money did General Secord
18 tell you was going to be required as an investment on behalf
19 of both of you?

20 A I don't think that was ever put to me in that manner
21 I don't think they had a business plan. That was one of the
22 things that I didn't like.

23 Q What were the numbers that you heard as to what would
24 be the initial investments that you would be making on behalf
25 of you and General Secord?

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1 A The initial investment that I recall -- I would not
2 even call it an initial investment. I would call it a total
3 investment.

4 Q Total.

5 A That would cause all these miraculous things to
6 happen, was totalled up to be \$350,000. That is why we had
7 the 150 and the 200 that never got there. But as we
8 got further into this what I called scam of Marostica, the
9 ground rules continued to change, and each time we were
10 surprised by a different figure.

11 Q Can I just ask a few questions that as I listen to
12 you this morning, were -- I was uncertain of. I know that some
13 of this you answered yesterday. The ledgers that you have
14 been going through are ledgers that, as I understand it, were
15 not under your custody; correct?

16 A Correct.

17 Q They were prepared by Mr. Zucker or his organization

18 A Correct.

19 Q And you saw them for the first time very recently?

20 A That is correct.

21 Q And when you saw them, you saw that they were muddled
22 in some respects?

23 A Correct.

24 Q And that you found that there were allocations of
25 expenditures to accounts that you did not consider to be the

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1 correct accounts for those allocations?

2 A Misallocations.

3 Q Misallocations. And you have been going over this
4 with your attorney in an effort to assist us; correct?

5 A That is correct.

6 Q At the time that you were engaged in these
7 transactions, and relying on Mr. Zucker, did you not receive
8 monthly statements from him?

9 A That is not the way we handled it. I will explain
10 to you how we did that. First of all, I have a great deal
11 of trust in Mr. Zucker. I sincerely mean that. He is a very
12 honorable man, very honorable man. This is -- this has been
13 the basis of our total activity, trust.

14 Q Yes, but I trust the integrity of a bank like
15 Chase Bank, but still I get statements or I have records
16 available to look at.

17 A I am coming to that.

18 Q I want you to explain this.

19 A I am coming to that. We were not that orderly. We
20 were quite messy and quite inefficient for a number of reasons.
21 I don't want -- I don't know how much time you want me to spend
22 explaining this, how value my explanation is, so please stop me
23 if you see I am going too far in this.

24 First of all, CSF was not established to handle a
25 covert activity. Secondly, we could not tell CSF what we were

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1 doing with regard to our covert activity. Third, Mr. Second
2 and myself, we had functions of operators, financiers,
3 marketeers, we were -- you name it, we were all over the
4 place.

5 We ourselves were very inefficient. There were times
6 that we didn't have proper communications on this. There were
7 times that we were under constant political pressure. That,
8 I want to emphasize on that. Constant political pressure.

9 I can give you one as an example. We had to meet
10 a deadline in releasing hostages, because the elections were
11 coming up, but that -- I am trying to picture for you that we
12 could not be as conventional as you think one could be.

13 MR. JANIS: Just a moment.

14 BY MR. LIMAN:

15 Q I appreciate it. You may want to finish this, because
16 I am sure we are going to want to go into it in more detail,
17 particularly when John comes back. My questions were, at the
18 moment at least, narrower.

19 During this whole period from the time of the first
20 arms deal with Camlero until November of 1986, did you receive
21 any bank statements from -- bank statements for the group of
22 companies that were involved in the transactions?

23 A I was about to answer that question. I was just
24 reaching to that point, setting the stage for that. We could
25 not have received statements, because our instructions were

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1 in addition to everything that I told you, to maintain a covert
2 activity. The way we controlled -- I understand your question
3 to mean under the circumstances, how did we control --

4 Q No. I am going to --

5 A We did not receive statements.

6 Q You give your explanations, which I appreciate. I am
7 not questioning you about the explanations. I really would
8 like to defer that until John comes.

9 A Okay.

10 Q As I understand it, when you open an account in a
11 Swiss bank, you can instruct the bank to send statements, or you
12 can instruct the bank to hold statements. Did you instruct
13 the Swiss banks to send statements to you?

14 A Those were not my instructions. I dealt with CSF.
15 CSF dealt with the banks.

16 Q Okay. And did CSF send you any statements from these
17 banks before November of 1986?

18 A I don't think so. I don't recall ever asking CSF to
19 show me any bank statements.

20 Q Did you ever inspect those statements at CSF?

21 A I never inspected statements. I always inspected,
22 together with Mr. Secord, what was the bottom line. We had
23 a general idea what should -- we should have had in the accounts
24 We focused on that.

25 Q In what form was this bottom line that you inspected

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1 together with General Secord?

2 A There were computer print-outs that were shown to us.

3 Q And who showed you those computer print-outs?

4 A Mr. Farina.

5 Q What happened to those computer print-outs?

6 A I have no idea. I can make only a deduction, a guess
7 that they should be with CSF. I don't know.

8 Q Have you asked CSF to give you the contemporaneous
9 computer print-outs?

10 A When?

11 Q Since you have been granted immunity from us and asked
12 to produce records. Did you ask CSF, can you give us the records
13 that were prepared at the time?

14 A Since this -- during the period that you are referring
15 to, I have not been able even to sneeze without the presence
16 of my lawyers.

17 Q Is the answer that you did not ask them?

18 A I could not have. They instructed me --

19 MR. JANIS: Excuse me, Mr. Liman. I am not sure
20 I understand your question. Are you suggesting records in
21 addition to those that have already been produced?

22 MR. LIMAN: My understanding is -- you tell me if I am
23 wrong -- that you do not know whether the records that we are
24 looking at now as ledgers were prepared by CSF a month or two
25 ago, or whether they were prepared as they went along. You

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1 don't know that? Am I correct?

2 THE WITNESS: My understanding is different.

3 BY MR. LIMAN:

4 Q What is your understanding?

5 A I would like to consult --

6 MR. JANIS: Excuse me. I have to say something about
7 the question. Excuse me. The problem I think with that
8 question may be the use of the word "the records", in a very
9 broad sense.

10 MR. LIMAN: There were ledgers given -- computer
11 runs that purport to be ledgers of CSF for these companies.
12 Now, I understand that the testimony that has been given by Mr.
13 Hakim is that he never saw these ledgers until recently.

14 MR. JANIS: I think what -- to be specific, I
15 think his testimony was with respect to the ledgers that were
16 shown him, he had not seen them until recently. If there are
17 other ledgers that you want to show him, he presumably will be
18 able to say, I haven't seen them, or I have seen them. The
19 ledgers he was shown, for example, indicate they were prepared
20 some time around December 4, 1986.

21 MR. LIMAN: Those were prepared by CSF?

22 MR. JANIS: That is correct.

23 MR. LIMAN: Now, have you produced for us the records
24 that Mr. Hakim saw at the time when he and General Secord
25 were looking at the bottom line?

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1 MR. JANIS: And I think the only way he can answer
2 that is if you bring us the records that have been produced,
3 he will have to look to see them.

4 MR. LIMAN: I am entitled to put questions the way
5 I want. I will ask this of you.

6 BY MR. LIMAN:

7 Q When is the last time that you saw the records that
8 contained this bottom line that you and Mr. Secord saw while
9 these transactions were taking place?

10 When is the last time you saw those records?

11 MR. JANIS: You might answer that question.

12 THE WITNESS: To the best of my recollection, it was
13 during the early part of the second half of 1986.

14 BY MR. LIMAN:

15 Q And since you have been cooperating with us in getting
16 records together for production for us, have you seen those
17 records?

18 A The only way that I can answer your question is --
19 I understand your question to mean --

20 Q Do you have any recollection of having seen them in
21 the last month or two?

22 A No.

23 Q No recollection of having seen them in the last month
24 The -- they were, as I understand it, computer print-outs?

25 A CSF computer print-outs.

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1 MR. JANIS: Among other records.

2 BY MR. LIMAN:

3 Q What were the other records that you saw with Mr.
4 Secord?

5 A Well, if we can agree to some of the figures, they
6 showed us a backup, or they looked at the backup documents.

7 Q So, you and General Secord would look at the records
8 and if you saw something that seemed to be a discrepancy, you
9 would ask for the backup records?

10 A Or ask them to go back and -- we gave them what we
11 thought it should be. We told them what it should be. They
12 went back and checked and we finally agreed.

13 Q Did these records have different accounts such as
14 capital account, accounts payable, accounts receivable? Did
15 they have that kind of ledger system?

16 A I don't think they exactly worked like that.

17 Q Describe them as best you can?

18 A They would tell us what was happening to each
19 company.

20 Q What does that mean?

21 A Well, we had a number of companies that we were using
22 Energy Resources, Lake, Hyde Park, and so on.

23 Q What does it mean, what was happening to each
24 company?

25 A What was in it.

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1 Q It would show the balance?

2 A Show the balance. And all the other companies that ^{you} yo
3 have the list of; and also showed the -- showed us the monies
4 that we had received.

5 Q Showed the activity in the account?

6 A Yes. That is fair to say in a very general form.

7 Q Now --

8 A Monies in and out of these, and what was -- excuse me,
9 monies in and out and what was the bottom line.

10 Q When you refer to the bottom line, are you referring
11 to an entry that showed what the balance was?

12 A Of the total of the activities. For instance,
13 SciTech, so much; Korel, so much; Hyde Park, so much.

14 Q So, there was a sheet which showed you the balance in
15 each of these entities and then totalled them up?

16 A Yes.

17 Q Did they show you a record that allocated any of the
18 balanced between you and General Secord and anyone else?

19 A You are talking about the capital accounts?

20 Q Or profit accounts?

21 A Profit accounts? They were -- for General Secord,
22 I had a company totally for a different purpose, that I allocated
23 that company for -- to park, if you will, Mr. Secord's --

24 Q Profits?

25 A -- profits.

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1 Q That is Korel you are talking about?

2 A That is right. Then mine was under my own name.

3 Q Right. And you testified, as I understood it

4 yesterday, that the \$4 million that was in CDs was really a
5 reserve and was incorrectly allocated to your profit account?

6 Am I -- did I understand that is what you said yesterday?

7 A No.

8 MR. JANIS: That is not correct.

9 MR. LIMAN: Then I am sorry.

10 BY MR. LIMAN:

11 Q The \$4 million was a reserve, is the way you described
12 it yesterday?

13 A The way I described it yesterday, we went through that
14 organization chart.

15 Q Yes.

16 A In the Tower report. I explained the purpose and the
17 reason behind creation of that, and how it worked, and if you
18 look at that chart, you will see that the outside of the
19 operational, there is a CSF investment with an R, which is not
20 the continuation of the --

21 Q The R is reserve?

22 A The R is reserve, yes.

23 Q And as I understand it, just so that I can finish
24 this, that when you saw the most recent records that were
25 produced by Zucker, those records had allocated what you

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1 considered to be the R to your capital account?

2 A That is correct.

3 Q And you think that is wrong? That was not your
4 intention?

5 A I don't know under what circumstances Mr. Zucker has
6 prepared his so-called ledger.

7 Q He didn't discuss that with you before he allocated i
8 to you?

9 A No. No. But I know what my instructions were.

10 Q Just keep it as an R?

11 A And how. And I differentiated and I told him that
12 they should be kept separately. He asked me under what account
13 I told him I started to give subtitles to my name, AH-1,
14 AH-2, AH-3.

15 Q Was the R only in the CSF ^abank account?

16 A I don't understand the question.

17 MR. LIMAN: Lou?

18 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

19 BY MR. ZANARDI:

20 Q The \$2 million or \$4 million that we see, that is in
21 the -- your account, your capital account, what bank account
22 was that held in? Was it in one of your bank accounts, or was
23 it in the CSF bank account? Do you know where it was held?

24 A It was not supposed to be kept in a bank account. It
25 was supposed to be in CSF investment. It was supposed to be

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1 invested. It was not a cash deposit as testified by Mr.
2 Second.

3 MR. JANIS: You mean certificate of deposit?

4 THE WITNESS: Certificate of deposit.

5 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

6 BY MR. LIMAN:

7 Q And do I understand Farina is no longer with Mr.
8 Zucker?

9 A That is my understanding.

10 Q What does he do now?

11 A I have no idea.

12 MR. LIMAN. Why don't we take our break now.

13 (Whereupon, at 12:40 p.m., the taking of the
14 deposition was recessed, to reconvene at 1:00 p.m., the same
15 day.)

PM SESSION 16

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1 BY MR. LIMAN:

2 Q Mr. Hakim, before the lunch break, you testified
3 about the fact that you had this relationship and trust with
4 Mr. Zucker?

5 A Yes.

6 Q Is it not also so that there was a written agreement
7 with Zucker, CSF, that authorized them to take instructions?

8 A Instructions from?

9 Q Well, let's take it from you, for example. Didn't
10 you sign a fiduciary agreement with him?

11 A I signed fiduciary agreements with them, but I
12 don't recall the text of those agreements giving them anything
13 in that context.

14 Q General Secord, for example, testified he signed a
15 fiduciary agreement with Mr. Zucker?

16 A Yes.

17 Q I assume that you had some kind of either fiduciary
18 or management agreement that you also signed with Zucker?

19 A Yes.

20 Q Now, is it not customary in your experience for
21 Swiss institutions like fiduciaries, to ask that there be
22 something in writing that tells them from whom they can take
23 instructions?

24 A The ones that I have come across relates to me,
25 names me as the beneficiary of that financial activity.

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Q And that you can give instructions?

1 A Yes.

2 Q Now, in the case of this group of companies, was
3 there a writing that indicated who was the beneficiary?

4 A To the best of my recollection -- you are now
5 referring to a number of fiduciary agreements --

6 Q Right.

7 A -- for as many companies and accounts there are and
8 as many as I have signed?

9 Q Right.

10 A The standard form Mr. Zucker has and it just names
11 me?

12 Q Did any of those agreements indicate that he could
13 take instructions from General Secord?

14 A To the best of my recollection there is no such
15 document as far as I CAN REMEMBER.

16 Q So that the agreements were agreements under which
17 you could give the instructions, correct?

18 A That is correct.

19 Q And they named you as the beneficial owner?

20 A That is my recollection.

21 Q But from time to time I think you testified that
22 General Secord was able to give directions directly to Mr.
23 Zucker?

24 A There came a time that he could do that.

25 Q And that came in 1986?

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A I think so, yes.

1 Q Why was it, since you were partners in the energy
2 account, to take that as an example, you didn't name General
3 Secord as the beneficial owner along with yourself?

4 A To begin with, these agreements, which you call
5 fiduciary agreements, they were not really signed until it
6 became necessary for Mr. Zucker to have them for Ms. Miles.

7 Q When was that, recently?

8 A Not all of them, most of them. And that was --
9 all depends what your interpretation of recently is.

10 Q Since November?

11 A Yes.

12 Q Since November most of them were signed?

13 A Yes.

14 Q Until then it was done orally?

15 A That is correct. Most of them. Most of them.

16 Q Which ones were signed earlier?

17 MR. JANIS: If you know.

18 MR. LIMAN: If you recall.

19 THE WITNESS: To the best of my recollection, there
20 were three fiduciary agreements signed under the annotation
21 AH-1 and AH-2, where we had the reserve monies. It didn't
22 name any one particular company, it names me. These are the
23 accounts that I provided the will for --

24 BY MR. LIMAN:

25 Q Provided the will under which General Secord

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could designate what happened to the money if something

1 -happened to you?

2 A Right.

3 Q The others -- for example, the energy account, ther
4 was no written agreement until recently?

5 A Yes.

6 Q Until after November?

7 (The witness nods his head)

8 MR. LIMAN: YOU have to say yes for the reporter.

9 THE WITNESS: yes.

10 MR. VAN CLEVE: If I might, on the question of the
11 will that you described, you gave General Secord a power of
12 attorney in the will. Is that what was done?

13 THE WITNESS: I don't remember the text of it, but
14 it had that value.

15 BY MR. LIMAN:

16 Q Was it a will or a power of attorney?

17 A It was a will.

18 Q And you gave the will to Mr. Zucker?

19 A Yes.

20 MR. Janis; Excuse me.

21 (Mr. Janis is conferring with the witness)

22 THE WITNESS: I recall that there were two wills
23 now. Because there were two \$2 million deposits.

24 BY MR. LIMAN:

25 Q So there was a will for each of the deposits?

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A Yes. There was a will -- to the best of my
1 recollection, there was a will in connection with the first
2 \$2 million reserve that named General Secord and in case of
3 my death, and the second -- it could be the first one I
4 don't remember which one was first or second -- I should say
5 one of them named him the beneficiary after my death and the
6 other named Secord and in the event of his death, Oliver North
7 as the beneficiary in that reserve account.

8 MR. VAN CLEVE: The purpose of these arrangements?

9 THE WITNESS: He wanted the operation to go on.
10 We did not know how it would go on or what would happen, and
11 therefore, I followed the sequence from the lower level up
12 to the level of command, if you will. And the reason --

13 MR. LIMAN: What does that mean?

14 THE WITNESS: From me to Secord to Oliver North.

15 MR. LIMAN: North being the top?

16 THE WITNESS: Yes.

17 MR. VAN CLEVE: Was North ever told he was
18 designated as a beneficiary of your will?

19 MR. HAKIM: He might have, I don't recall now.

20 MR. VAN CLEVE: Did you personally ever tell him?

21 THE WITNESS: I might have, I really don't recall.
22 I was not in such regular contact with North.

23 BY MR. LIMAN:

24 Q Did General Secord ask you in this second document
25 that named North to include North?

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A No. Both wills I volunteered, I proposed. They

1 did not even think about it.

2 BY MR. VAN CLEVE:

3 Q Was this your idea?

4 A Absolutely.

5 Q Or was it suggested by someone else?

6 A Absolutely my idea.

7 BY MR. LIMAN;

8 Q Why was it that you didn't simply designate Secord
9 as having power of attorney whether you were alive or not?

10 MR. JANIS: Excuse me.

11 (Mr. Janis is conferring with the witness)

12 THE WITNESS: The commitments that really existed
13 towards a lot of interested parties, effectively my
14 responsibility.

15 BY MR. LIMAN:

16 Q What does that mean -- interested parties?

17 A Well, if you focus on the arrangement, how we
18 operated, in this covert activity, or at least that is the
19 way I classified it -- I do not go by the same categorization
20 that General Secord or a military goes, you know. I took all
21 of this input and used my businessman's points of reference
22 and designed things the way I saw them, in interpreted them.

23 I saw three distinct functions: I saw here at the
24 top a political function -- Oliver North sitting in there, and
25 whoever was around him, inside, outside, with him. That was

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his business.

1 I saw next to me here, General Secord and his
2 operational responsibility, with an overlap of a financial
3 activity around me. So that is the way I saw the total
4 picture.

5 Q So you saw North policy, Secord operations, you
6 finance?

7 A And with an overlap.

8 Q With a necessary overlap of these different circles

9 A Yes. Basically with --

10 Q Let's go back to energy. Energy was a company --

11 A I didn't -- there is an outstanding question that
12 I did not answer. I believe it was your question.

13 Why I designed the wills the way I did.

14 Q Right.

15 A The purpose was General Secord was reasonably
16 aware, and I underline reasonably aware, of my obligations
17 toward certain Iranian individuals who assisted me to open
18 the second channel and I definitely wanted their interest to
19 be protected at the level of the private group, and not get
20 into the hands of officials.

21 And the second group -- these are all my
22 categorization, I want to underline that -- the way I saw
23 them, that is the way I used my judgment.

24 And the second one, I thought that the officials
25 should have access to them. So that is why I designed it the

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way I did.

1 Q So the first --

2 A I don't remember which one was first.

3 Q On one of the \$2 million accounts you envisioned
4 that that money would be used to

5 A In case of my death.

6 Q In case of our death, to take care of some of the
7 people who helped?

8 A My commitments to people.

9 Q And General Secord could --

10 A Could use some of those people.

11 Q Could see to it that that was done?

12 A It was not exactly -- so he knew of the people,
13 people that helped me to open the second channel. They were
14 in contact with General Secord as well. As a matter of fact
15 --

16 Q Was there any agreement they would get part of that?

17 A You may find this strange and then you may not.
18 In the Middle East there is a lot of lack of trust until they
19 trust you. And when they trust you -- there was quite a bit
20 of trust, I ^{want}~~would~~ to underline.

21 Q But no agreement?

22 A Not only no agreement. The Iranians, Mr. Liman,
23 they are raised to put themselves in the hands of their
24 leaders, if you will. They think differently. They thought
25 they were in good hands. They still think they are in good

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hands. Secord knew some of the people, and he knew they had
 1 a commitment.

2 MR. VAN CLEVE: Did you talk with him about the
 3 necessity of carrying through on that kind of commitment?

4 THE WITNESS: I told -- everybody knew. It was
 5 open. It was not a secret. All along -- I don't know whether
 6 we will get into those or not, but in all discussions that I
 7 had with officials present as well, and by officials, I refer
 8 to Mr. Cave, Mr. North. I never, never made it a ~~S~~^Secret that
 9 there is a profit motivation, there is a financial interest
 10 there. I joked about it. I said you are all soldiers, you
 11 get the medals, I get the money. It was nothing that was
 12 not known. It was an open issue.

13 BY MR. VAN CLEVE:

14 Q So the record is clear, this is in connection with
 15 the Iranian arms sales?

16 A Yes. I am focusing --

17 Q General Secord knew this?

18 A General Secord knew this, North knew this, Cave
 19 knew this. I believe there are recordings. That is my belief.

20 BY MR. LIMAN:

21 Q The question, as I understood it a moment ago was
 22 did General Secord know that out of the \$2 million, the ~~one~~^{one},
 23 \$2 million, that he was going to have to take care of some
 24 people if something happened to you?

25 A He knew that, and the people knew that. As a

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matter of fact, in the ^{TOWER} ~~four~~ report I learned later that

1 General Secord referred to my associates as his agent. So
2 these people were very well known to the group. As a matter
3 of fact, before we brought him into the group, they had to
4 take a lie detector test. I went through that. It was known.

5 Q Mr. Hakim, was he told how much of the \$2 million
6 would have to be used for that purpose?

7 A The focus was not on \$2 million, the focus was not
8 on how much. The how much was never defined.

9 Q So the answer is not, it wasn't defined?

10 A It was not defined. It was -- it is important,
11 Mr. Liman, to understand that it was under -- it was an
12 obligation, and there should be a reserve for that obligation.
13 That was the whole purpose of this exercise.

14 Q And what about the other \$2 million, what was that
15 to be used for? The one that North and Secord both had power
16 over in your will?

17 A I was -- along the lines that I was thinking that
18 if something should happen to me, I had already introduced --
19 I am not talking about Iranian Government officials, mind
20 you.

21 Q Yes.

22 A The people who had helped me to put the package
23 together, they were known both to Secord, Cave and North as
24 well as George Cave. My thinking was in case of my death,
25 you know, that association had to continue and go on to

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furthering the relationship. The only thing that would have happened, I would be out of it.

Q Who were these people?

MR. VAN CLEVE: General category now, not specifically.

BY MR. LIMAN:

Q You can write that down on a piece of paper, which we will reserve for -- if you write them down, we will restrict it to the majority and minority counsel of the House and myself. I know it is sensitive.

A You have to step in here.

MR. JANIS: Part of the problem is Mr. Hakim has told me, and I have no reason to doubt this, if the identities of these people become known, it is not possible they will be killed, it is probable they would be killed.

BY MR. LIMAN:

Q What kinds of people are you talking about?

A Iranians.

Q Private Iranians?

A Also.

Q I am talking now about the \$2 million that North and Secord would have control over, that was not to be used for government officials. That is what I thought you were talking about.

A What I am saying is -- what I said was I wanted a portion of reserved, not to get into the hands of the

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government officials. I did not say that -- I did not break it down that this was meant for Iranians and it was meant for their fees. The total picture, Mr. Liman, and didn't change. We had an operation to run. You may find this thing difficult to --

Q I am trying to understand what --

A We have a total reserve and this was to be used for a number of things. We had to run our operation.

Q But that was like capital, right? To run an operation you need capital?

A That operation you need capital to -- you need running operation, but then you need other facilities, especially for covert activity, such as self-insurance, reserve for unforeseen operational expenses. The way I was looking at this whole enterprise, that it is a start-up company, has a lot of unforeseens. Every day was a new day, a new requirement. I had obligations to the Iranians, I had obligations to insurance, I had operational obligations. There were monies that were in the companies that were being used for operational purposes.

Q But your distinction for us between \$2 million that Secord alone would have the control over, and the \$2 million that Oliver North and Secord would have control over, what was that other \$2 million to be used for, that North and Secord would control?

A The distinction comes from the fact that on two

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occasions I signed two fiduciary agreements, and I put aside
1 for reserve two, \$2 million. It was not -- it was there, so
2 I could not draw a will to say that he has access to -- that
3 facility was there, it was convenient for me to write the
4 will based on what was available in the enterprise.

5 Q So that if I understand what you are saying, that
6 both of these reserves were available to be used for the same
7 purpose?

8 A The purpose of the enterprise.

9 Q Correct.

10 A Yes.

11 Q And that the reason that Oliver North was named
12 in one but not the other was that you signed these at two
13 different times. Is that the reason?

14 A We had two different reserves.

15 Q And they were signed at two different times, were
16 they not?

17 A The fiduciary agreements?

18 Q Yes.

19 A That is correct.

20 Q And when you signed one of them you put Oliver
21 North in --

22 A But the wills were written at the same time.

23 Q The wills were?

24 A The wills were written at the same time.

25 Q Then why was it that you were proposed to give

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Oliver North some control over \$2 million if something

1 happened to General Secord, but not over the \$4 million?

2 A Because my understanding was for Oliver North to
3 get involved making payments to Iranians that could possibly
4 include some officials in them would be not proper for him
5 being an official of the government.

6 Q So that you gave Secord the power over the \$4
7 million because you contemplated⁺ that some of that money
8 might have to be used for the Iranian officials?

9 A Yes.

10 Q And North's control over the \$2 million was limited
11 to that \$2 million because you had contemplated^L that he would
12 not be dispensing that money to Iranian officials?

13 A Exactly.

14 Q Now, who would he be disbursing money to, what
15 kinds of things did you contemplate^L he would --

16 A To continue the operation.

17 Q Now, when did you sign those wills?

18 A I honestly don't remember, sir.

19 Q After November '86?

20 A Oh, no, no.

21 Q Did you sign these wills at the time that you
22 created the reserves?

23 A If not right away, shortly thereafter.

24 Q Now, the reserves were created -- one of them was
25 created in, as I recall, February of 1986, and the other was

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created in May of '86. Do you recall that?

1 A I have to refer to --

2 Q May of '86 is when you had the Tehran trip and
3 the first \$2 million was created at the time that the thousand
4 Tows were sent?

5 MR. JANIS: March 5 and June 18.

6 BY MR. LIMAN:

7 Q And when was it that you opened the second channel?

8 A The second channel, we started our efforts in July.
9 In September the agency and Oliver North were satisfied that
10 these people passed the test.

11 Q So that well before these people passed the test,
12 you had created a will which gave Oliver North some control
13 over \$2 million if you and Secord dies, right?

14 A I thought I said that it was either then or shortly
15 after. And I said I don't recall the date.

16 Q Who has these documents?

17 A They should be with Mr. Zucker.

18 Q And you don't have a copy of them?

19 A Not to the best of my recollection, no.

20 MR. LIMAN: We would request that you ask Mr.
21 Zucker for these documents as soon as possible.

22 MR. VAN CLEVE: Did he draft them?

23 THE WITNESS: Yes.

24 BY MR. LIMAN:

25 Q Were these -- we have called them wills. In the

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United States a will is something where you dispose of all your property. These I take it were not that kind of will. These were what I would call testamentary instructions, instructions to Zucker as to what would happen to these particular funds in the event of your death. Is that correct?

A I can't give you a legal opinion.

Q Was this a will in which you took care of your family and everyone else?

A No.

Q It was really an instruction to Zucker that in the event of our death this is what was to happen?

A Yes.

Q Did Secord issue instructions like that to Zucker as to what was to happen in the event of his death?

A I am not aware of that.

Q Or North, did he issue that?

A I am not aware of them.

Q Did North ever meet Zucker to your knowledge?

A To my knowledge, I don't think so.

Q Did you give a copy of these instructions to General Secord?

A I don't remember doing that.

Q Or to Oliver North?

A I don't remember doing that.

Q Now, I wanted to just go back to where you started when we got into this. Energy was a company, a vehicle for

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both you and General Second, correct?

1 A When you say vehicle for --

2 Q A corporate entity that you were going to use for
3 the sales to the contras?

4 A That is -- I can relate to that, yes.

5 Q And you were each to share equally in the profits?

6 A Of the contra sale?

7 Q Yes.

8 A Yes.

9 Q Then why was it that you put this company in your
10 name as opposed to being in the joint names of you and
11 General Second?

12 A For a number of reasons. To begin with, I told
13 you that this did not happen until later.

14 Q Right.

15 A Secondly, General Second was going through a
16 transitional period whether he wanted to remain a businessman
17 or wanted to go back to the government. His position
18 fluctuated, and then it was not necessary, because there was
19 no need for him --

20 Q In November -- before November of '86, or whenever
21 it was that you signed the agreement with Zucker on energy in
22 which -- in which you registered as the beneficiary --

23 A After the revelation, Mr. Zucker came to my hotel
24 with a whole bunch of documents and I signed to cover him.

25 Q Now, before that you trusted Zucker that Zucker

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would recognize that this money was yours, right?

1 A Yes.

2 Q Without any written documents?

3 A Yes.

4 Q And is the same true that General Secord trusted
5 you, that you would share the profits with him without a
6 written document?

7 A I should hope so. There was no written agreement
8 between us.

9 Q There was just an oral understanding?

10 A Yes.

11 Q And when Zucker came to you to sign the papers,
12 did you have any discussion that you didn't want General
13 Secord's name to appear?

14 A You are talking about the fiduciary agreements
15 in connection with companies?

16 Q When it came after the revelations in November,
17 yes sir.

18 A Mr. Zucker came to my hotel room.

19 Q Where?

20 A In Geneva.

21 Q Right.

22 A Very much disturbed, panicky, looked totally
23 devastated. And I did not, I want to go on record that I
24 did not read those agreements to come forth him, because I
25 felt responsible for dragging him into something that he had

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no knowledge of. I signed all those documents and gave
1 them to him.

2 Q Have you read them to this day?

3 A No.

4 Q Then do you know whether they named General Secord?
5 If you haven't read them?

6 A If they did, they don't have the signature, to the
7 best of my knowledge.

8 Q You are the only one who signed the ones there?

9 A Right.

10 Q Do you know whether or not he is designated in
11 those agreements as someone who can draw on the accounts?

12 A He assured me it was the standard form that --
13 MR. JANIS: Answer his question. Do you know
14 whether General Secord is designated?

15 THE WITNESS: I don't know.

16 BY MR. LIMAN:

17 Q Did you ask Mr. Zucker not to put General Secord's
18 name on any of these companies?

19 A No

20 MR. VAN CLEVE: Did Mr. Zucker tell you why he
21 wanted you to execute these agreements?

22 THE WITNESS: Because of the Swiss laws.

23 BY MR. LIMAN:

24 Q He wanted his own protection?

25 A His own protection.

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Q Now, Mr. Zucker knew that Secord was a partner of
1 yours in Energy, didn't he?

2 A I don't know whether he looked at it that way.

3 Q Did you tell him that Secord was sharing with you
4 50-50?

5 A The contra deals?

6 Q Yes. That is what you did with Energy, right?

7 A We did most of our work with Mr. Farina.

8 Q Did Farina, did you ever tell Farina --

9 A Yes.

10 Q -- That Secord was your partner?

11 A Yes. In connection with the distribution of
12 profits.

13 Q And Farina was then Zucker's employee?

14 A Employee.

15 Q Did you have any discussion with Zucker as to why
16 he was not putting Secord down as a beneficial owner of
17 Energy?

18 A You mean in November when he came there?

19 Q Yes.

20 A I said I didn't even read it.

21 Q What about SciTech? There was a partnership of
22 you and General Secord, correct?

23 A A company meant for that purpose, yes, that is
24 correct. The answer is yes.

25 Q Is General Secord listed as a beneficial owner of

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it?

1 A I believe those documents related to SciTech also
2 were signed at the same time.

3 Q You don't know whether he is listed as a beneficial
4 owner or not?

5 A Correct.

6 Q Did you have any discussion with General Secord
7 to the effect that you ^{would} not disclose that General Secord
8 was a beneficial owner of any of these companies?

9 A At any time?

10 Q Yes.

11 A It is possible. I don't remember. And the reason
12 I say it is possible is when he told me that he wanted to go
13 back to the government, I find it to be my normal reaction to
14 tell him his signature would not appear on those. That is why
15 I say it is possible.

16 MR. VAN CLEVE: Did you and General Secord ever
17 talk about the application of United States tax law to these
18 entities?

19 THE WITNESS: No.

20 MR. VAN CLEVE: You never did?

21 THE WITNESS: No.

22 BY MR. LIMAN:

23 Q Now, I want to follow up on that last answer of
24 yours, where you said you knew he was going to go back to the
25 government, he shouldn't have his name on any Swiss Bank

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accounts or Swiss entities?

1 A I said that it would have been my normal reaction
2 if I told him.

3 Q But if you look at the records that we have, there
4 continues to be a profit allocation. We just saw one in
5 August of 1986 to general Secord, correct?

6 A Yes.

7 Q So that even though his name wouldn't appear, he
8 would still get the profit allocation?

9 A Yes.

10 Q And what was the purpose of using Korel as opposed
11 to General Secord's name so that his name wouldn't appear on
12 any Swiss records?

13 A Not really. That purpose could have been served
14 also at the same time.

15 Q Maybe I should have put it differently. Was the
16 reason you didn't use his name on the records so that he
17 would have anonymity?

18 A When we started to do that, it could have had
19 that reason, but it was easier also to manage the money and
20 so forth through another person.

21 Q Your name appears -- Hakim appears.

22 A He came at a later date.

23 Q When you say a later date, originally your name
24 didn't appear on it?

25 A I didn't even keep a company with my name on it.

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To this date, Mr. Liman.

1 Q Your lawyer has something to say and then I want
2 to say something to you.

3 MR. JANIS: I think the question he is asking you
4 is where --

5 MR. LIMAN: Let me rephrase it. If I miss you
6 tell me and you can put the question.

7 BY MR. LIMAN:

8 Q I understand that General Secord is your partner
9 and you have a good deal of respect for him, correct?

10 A Yes sir.

11 Q But you understand that you are under oath and
12 that you have got to let everything hang out, right?

13 A I understand that perfectly well.

14 Q And the question that I am really putting to you
15 is whether you made an effort to keep General Secord's name
16 off of the Swiss records of these companies?

17 A Yes.

18 Q Thank you.

19 A That question was clear.

20 MR. LIMAN: You don't want to pick up?

21 BY MR. VAN CLEVE:

22 A The records reflect declarations of profits at
23 least through late July of 1986 to the account that you have
24 identified as being General Secord's account. Was it your
25 intention he would receive those profits?

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A At what time, sir?

Q As of late July ¹⁹⁸⁶ #986.

MR. JANIS: Do you understand the question? The question is a little confusing.

THE WITNESS: The question is not complete.

MR. WECHSLER: Which profits are you talking about?

MR. VAN CLEVE: The ones we looked at this morning.

MR. WECHSLER: They went in August, August 27.

MR. VAN CLEVE: Excuse me, I stand corrected. We now have the transaction in mind.

BY MR. VAN CLEVE:

Q The records we examined this morning show a declaration of profits from the stranded shipment arms sale in late August 1986. Was it your intention at that time that part of those profits would go to General Secord?

A To go to the account of Korel that I have kept.

Q And you identify as General Secord's account?

A Of General Secord's account. Should he change his mind and want to repossess his profits. He had forewarned those profits to me at a time that he, the same way he reacted in the hearings when he gave away all the money to Casey's foundation. I know, he got in one of those moods and said he had to go back to government and put a foundation straight, and he didn't want to have anything to do with these funds, they were mine.

MR. LIMAN: That was done orally?

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THE WITNESS: Yes.

BY MR. LIMAN:

Q Nothing was ever signed on that?

A No.

Q And after that date he wrote those wills?

A Mr. Liman, I really have to look at that document to give you a precise answer. I am not trying to play cute, I am trying to be accurate?

Q After that date the record shows monies went to General Secord?

A I did not change the pattern.

Q The monies actually went to him?

A Yes. I did not change the pattern.

Q And monies he had invested in American -- whatever was -- Tri-American Arms -- for his benefit?

A Mr. Liman, I did not change my pattern.

Q And he didn't say don't invest money in Tri-American Arms for me?

A I don't --

Q That was his deal. He is the one who met up with these con-men?

A He wanted me to invest.

Q For him. He said ^{he was} he was supposed to be a partner, he testified to that.

A You can conclude that, yes.

Q I am only concluding it from what he said.

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1 A Your conclusion is logical. What I am trying to,
2 when we discussed it we did not go into such technicalities.

3 Q Apart from logical, it is truthful, isn't it, that
4 was a partnership -- Tri American was a partnership?

5 A Yes, Mr. Liman.

6 Q And that he was a partner?

7 A Yes, Mr. Liman.

8 Q And that you put in the money for his benefit as
9 well as for yours?

10 A Yes sir.

11 BY MR. VAN CLEVE:

12 Q When you and General Secord discussed the
13 possibility he would foreswear profits from various
14 transactions, did you ever discuss the possibility he might
15 want to repossess these profits at a later date and they
16 should be held for him in some form?

17 A General Secord was born a general and will die a
18 general. Generals have a special way of thinking. If you
19 deal with them long enough you learn how to deal with them.
20 When he said that, I understood what his frustrations were.
21 I also understood that he had an old wound from his previous
22 employment in government. I understood his psychology. That
23 was his position. He was sincere about that position. He
24 meant what he said. I still believed that he meant what he
25 said.

I believed him when he said give all the money

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1 to Casey's Foundation. But I am a businessman, I am more
2 realistic than he is. I live in a different world than he
3 does. So I did not need to go back, sit down and discuss
4 things with him.

5 There were so many unknowns. I did not know he was
6 going to go back to the government. I did not know whether
7 he was going to change his mind. He made a statement, I
8 listened to him, I kept them aside, I went on with my business
9 I respect my own ideal and my own ethics. In my mind, I
10 considered that he deserves the commission. I still think he
11 does.

12 I think he is unrealistic. He is unrealistic
13 altogether. He is in a different world, in my opinion. It
14 is not that he is not truthful, he is. But he is unrealistic.
15 So I went on with my own way of doing things. He is my
16 partner, I treated him like one then. I still am treating
17 him like one today. I am helping him in any form I can now
18 financially or otherwise. I have a different attitude towards
19 these things.
20
21
22
23
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25

end Dotson8
end mhl

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#5 1 Q With due respect, Mr. Hakim, my question was
CAS-1 2 when General Secord told you that he was going to forswear
200 3 his interest in the profits of these various transactions,
4 did you and he ever discuss the possibility that he might
5 wish to re-possess those profits at some time?

6 A That was not discussed and I did not bring it up.

7 Q You never had such a discussion?

8 A No.

9 Q Okay. May I ask you to take the book we were looking
10 at before we broke and return to page 11. I am sorry to take
11 you through this in detail, because I know it is rather tedious.
12 I believe your testimony was you were the person who organized
13 SciTech. Therefore, I think you are probably in the best
14 position to tell us what the various disbursements are about.

15 A Not necessarily, but I give it my best shot.

16 Q I appreciate that. I am going to try to take you
17 over the larger disbursements. The third entry is August 28,
18 1985, transfer from Lake Resources to SciTech in the amount of
19 \$48,560. Can you tell us would that have been used for the
20 contra project or the Iran project or some unrelated project?

21 A Are you asking me this question for bookkeeping
22 purposes?

23 Q Basically. I am sorry to put you in that position.
24 We are trying to do some allocations.

25

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1 A If I understand you correctly -- I don't have knowledge
2 of it, but looking at the date, I don't believe in August
3 1985 we had started with the Iranian initiative. If STTGI/
4 SciTech had incurred any expenses and monies needed to be
5 transferred to it that date, and if I recall correctly the
6 Iranian initiative had not started, I would have allocated to
7 the contras.

8 Q Do you recall anything at all about the circumstances
9 of the disbursement?

10 A No, I don't.

11 Q Moving down slightly, on the 14th of November,
12 1985, there is a transfer from Lake Resources to SciTech,
13 \$67,340. Are you familiar with the circumstances of that
14 transfer?

15 A I am not, sir.

16 MR. JANIS: May we go off the record?

17 (Discussion off the record.)

18 MR. JANIS: Let's go back on the record.

19 If I understand, I have consulted with the committee,
20 if I understand, page 11 of Deposition Exhibit 3, this only
21 demonstrates the money that went out of one of these accounts
22 into SciTech, but it doesn't reveal whether the money
23 thereafter went from SciTech for some other purpose including
24 operational purposes.

25 Mr. VAN CLEVE: Sure.

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1 MR. JANIS: I am right about that, am I not?

2 MR. ZANARDI: Yes, except for the TriAmerican Arms
3 and the K. Phillips' disbursements, that would be indicated in
4 a separate term.

5 MR. JANIS: This money may well have gone into
6 SciTech and out for some other purpose, including an
7 operational purpose?

8 MR. ZANARDI: Absolutely. The journal would show
9 you where it goes. This is Hakim Exhibit 1836.

10 MR. JANIS: What I would suggest is when we go to
11 the other Hakim Exhibit at another point, you may want to do
12 that, but for purposes of this exhibit, I think that it really
13 can't respond to the -- this particular page, because monies
14 apparently went into SciTech and went someplace else.

15 MR. VAN CLEVE: Your point is well taken. Do we
16 have a document that will show the transfers out as to each of
17 these? We do want to make the allocations. We might as well
18 use the primary document.

19 I don't understand why it was done this way.

20 MR. ZANARDI: Just off the record for a second.

21 (Discussion off the record.)

22 MR. ZANARDI: The reason why it was done this way is
23 because the journal didn't go beyond the distributions that
24 were in the general ledger. The other information provided
25 by Mr. Hakim has broken that down further.

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1 That is in Exhibit H-1837. Not exhibit, but
2 document number.

3 MR. JANIS: Can we have this marked?

4 MR. ZANARDI: That is the only copy I have.

5 (Discussion off the record.)

6 BY MR. VAN CLEVE:

7 Q I ask you to turn to page 13 of the Exhibit,
8 Exhibit 3, please.

9 A Thirteen.

10 Q Yes. Now, these are transfers to STGI from various
11 accounts and you will notice that the first six transfers
12 are transfers from Energy Resources to STGI and they are
13 designated on here as Secord loan transactions. Just very
14 roughly, it appears that they amount to about \$135,000 and they
15 are made between early February and -- Early September 1985.

16 MR. JANIS: May I ask a question here?

17 MR. VAN CLEVE: Sure.

18 MR. JANIS: The document indicates Secord loan for
19 the first six or eight transactions. Can you show us where in
20 the records -- that is your conclusion or that is a
21 conclusion on the document prepared by the committee. I think
22 we should have the original.

23 MR. ZANARDI: I would say that -- I will give you the
24 original copies of the disbursements. The allocation of
25 loan was based on Mr. Secord's testimony.

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1 The records provided to us had no indication whether
2 it was a loan or not.

3 MR. JANIS: To the extent there is a notation on
4 this document that says "Secord loan", that conclusion is
5 not based on the documents themselves, but rather on your
6 interpretation of Secord's testimony?

7 MR. ZANARDI: That is correct. So I would disregard
8 any indication of whether that is a loan or not.

9 MR. VAN CLEVE: Okay.

10 BY MR. VAN CLEVE:

11 Q Do you have an independent knowledge, Mr. Hakim,
12 as to whether or not these particular disbursements did in
13 fact represent a loan to Mr. Secord?

14 A No, I don't.

15 Q Did you at any time make a loan to General Secord
16 through STTGI?

17 A The question is not clear. To make loan through
18 STTGI, to General Secord, to me it means that STTGI has
19 funds and Secord wants to borrow money from it. He is the
20 president of the company and I am not exactly -- officer,
21 running the company could have lent the money to himself.

22 Q As I understood it, it was a 50-50 partnership,
23 isn't that correct?

24 A Yes.

25 Q Generally, when a partnership lends money to an

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1 individual partner, the other partner is aware of that,
2 isn't that correct?

3 A Normally, yes, but --

4 Q What I asked you was to your knowledge did your
5 partnership lend money to General Secord?

6 A Your question was different the first time. You said
7 if I lent money to him, if the partnership. No. I am not
8 aware of any such thing.

9 Q I want to be clear on your testimony. You are not
10 aware?

11 A I am not aware of STTGI lending any money to
12 General Secord with my knowledge.

13 Q I see.

14 MR. ZANARDI: Can I help you out a little bit?

15 MR. VAN CLEVE: Sure.

16 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

17 BY MR. ZANARDI:

18 Q Those monies, I believe, were disbursed through
19 CSF to -- through one of your accounts, through CSF in
20 New York and went to STTGI. Did you -- did the STTGI have a
21 line of credit or any other type of loan with CSF?

22 A Yes.

23 Q The monies that are reflected in these transactions
24 leaving the enterprise, were they part of that loan agreement
25 with CSF?

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1 A Very possible, but it is not loan to Secord. Loan
2 to STTGI.

3 Q Right. Okay.

4 A So -- that is why I am confused.

5 MR. VAN CLEVE: I understand. What your testimony
6 is, if I understand it, this was not a personal loan to
7 Mr. Secord, it was a loan to STTGI?

8 THE WITNESS: Exactly. We have an agreement. It
9 may even be in writing. It may be in writing. I am not
10 sure that CSF would extend a line of credit to STTGI and it is
11 very possible that these are draws against that line of
12 credit.

13 BY MR. ZANARDI:

14 Q Now, if the line of credit was extended to STTGI,
15 would the repayments of that line of credit come from STTGI
16 or would it come from the enterprise?

17 A The intention was to come from STTGI, but it didn't
18 work out to be like that.

19 Q So STTGI then did not make any direct repayments of
20 any of the line of credits?

21 A We never got a chance to make enough money to do that
22 and the project was aborted and I don't have firsthand knowledge
23 myself about the bookkeeping of CSF. But if I were a thumb,
24 I would just take the monies from the enterprise's money
25 and settle the account, I don't know what they have done.

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1 Q So, in practical purposes, there was really no
2 loan if the payments went through the enterprise to STTGI,
3 and if there is no outstanding balance, it is a payment from
4 the enterprise to STTGI?

5 A The way things stand today, your analysis is correct.

6 Q Mr. Zanardi. Thank you.

7 MR. JANIS: May we take a short break?

8 MR. VAN CLEVE: Sure.

9 (Recess.)

10 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

11 BY MR. NIELDS:

12 Q I think I am moving to page 11. We have covered
13 everything down to the May 20 one.

14 We already know what 8833 is, 20 May. I think that is one
15 of those 30-30-30-10 splits.

16 (Discussion off the record.)

17 (Whereupon, the document referred to
18 was marked for identification as
19 Hakim Deposition Exhibit A.H.-4.)

20 MR. NIELDS: We are marking as Exhibit 4 a
21 document marked CSF Investment Limited ledger, and under that
22 it says "Name and Description", and under that it says
23 "SciTech Trading Group, Inc."

24 MR. JANIS: May I have one?

25 Thank you.

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1 BY MR. NIELDS:

2 Q I put in front of you, Mr. Hakim, a document
3 marked Deposition Exhibit 4. It is a five-page document
4 containing receipts and disbursements relating to
5 SciTech Trading Group, Inc. I am putting that in front of you
6 right now to permit you to refer to it to the extent you need
7 to in order to answer the questions.

8 That I will ask you from page 11 of Exhibit 3.
9 My first question is there is on page 11 of Exhibit 3, a
10 \$100,000 disbursement to SciTech from Hyde Park Square
11 dated May 22, 1986. What does that represent?

12 A Do you know where that is reflected on Exhibit 4?

13 Q Page 2.

14 MR. JANIS: What is the date again?

15 MR. NIELDS: Date is May 22.

16 THE WITNESS: I found that. It is from Hyde Park --

17 MR. NIELDS: Page 3 of Exhibit --

18 MR. FLETCHER: Third page, labelled page two.

19 THE WITNESS: Where it says -- I found that. Okay.
20 Yes. It says from Hyde Park. Okay.

21 Looking at these both documents, I really cannot
22 help you. However, I testified earlier that there should be
23 an additional \$100,000 in connection with a timber deal.
24 If the dates should jibe -- if the dates should concur, that
25 could be it. So what I suggest we do at this time, if we

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1 could go back and pursue that transaction.

2 BY MR. NIELDS:

3 Q This is \$100,000 that was taken from the
4 enterprise and put into SciTech for the benefit of you and
5 Mr. Secord?

6 A To be sent to our attorney in Seattle for the
7 earnest money for the timber deal, if the dates would fall in
8 the same time period.

9 MR. JANIS: Mr. Nields, I think the problem I have
10 with this page, which I think is different than the other
11 pages of Exhibit 3, in essence, this page is -- the deposits
12 that went into SciTech. What you are interested in is not
13 so much the deposits, but the payments.

14 This other exhibit, Deposition Exhibit 4, is one that
15 I think is more pertinent for that purpose. This is just
16 the starting point, Deposition Exhibit 3, and I think if you
17 really want to know what happened to the SciTech funds, then
18 you have to go through each entry on Deposition Exhibit 4.
19 I think that will take us forever.

20 MR. LIMAN: But the money -- let's just make it
21 simple. The money that went into SciTech was the money
22 going into an entity that was created for the benefit of him
23 and General Secord, correct?

24 THE WITNESS: That was the intention unless CSF
25 has made misallocations. There is a lot of track record

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1 that they have misallocated. I have no reason to believe
2 this was misallocated, Mr. Liman.

3 MR. LIMAN: But the question was created for the
4 benefit of both of you?

5 THE WITNESS: That is right.

6 MR. LIMAN: Investments were made from that company
7 for the benefit of both you and Mr. Secord?

8 THE WITNESS: Secord.

9 MR. LIMAN: Those investments were found by Mr.
10 Secord to this con man Marostica, and we could go through the
11 ledger of SciTech to see how the money was disbursed, but
12 it is being disbursed from an entity created for the
13 benefit of both of you?

14 THE WITNESS: That is right.

15 MR. JANIS: I don't think he had any control over
16 that. That is why I think the exercise Mr. Nields is undergoing
17 here is not worthwhile.

18 MR. WECHSLER: If that is the only point you have to
19 make, let's move on.

20 MR. JANIS: This just shows money going into
21 SciTech, not what happened there.

22 That is exactly the point. I agree with what
23 Mr. Nields stage-whispered.

24 MR. NIELDS: I will make it not a stagewhisper.

25 This page 11 is different from every other page of Exhibit 3

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1 because it relates to the capital account and all the others
2 relate to disbursements from the enterprise. But in any
3 event, the money going into this SciTech account would be
4 money going into the enterprise that was set up for your
5 and Mr. Secord's benefit just as Mr. Liman said a moment ago?

6 THE WITNESS: That is right. I qualified that.
7 In essence, it is the same, but I would really like you
8 again to say CSF has made a lot of misallocations. The concept
9 doesn't change.

10 SciTech was for the benefit of both General
11 Secord and myself. The concept doesn't change.

12 BY MR. NIELDS:

13 Q I may be also going over ^{ground} ~~ground~~ you have already been
14 over. I am not certain. I would like to ask you questions
15 about page 13.

16 MR. VAN CLEVE: I was just describing to Mr. Nields
17 the nature of the questioning. That was we dealt with the
18 general nature of what was denominated incorrectly on the
19 exhibit according to your testimony as a personal loan to
20 Mr. Secord.

21 BY MR. NIELDS:

22 Q I take it rather than being a personal loan to
23 Mr. Secord, these are, in effect, disbursements to STGI which
24 was a joint enterprise between you and Mr. Secord?

25 A Yes. It started out as a loan and then the loan

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1 was cashed in from the monies of the enterprise and
2 effectively money was pumped from the enterprise into STTGI.

3 MR. LIMAN: In other words, it is forgiven? The
4 loan is forgiven?

5 THE WITNESS: The loan was paid for by the
6 enterprise.

7 MR. NIELDS: To CSF. So the net effect is there is
8 a transfer from the enterprise to STTGI?

9 THE WITNESS: That is what I testified.

10 MR. NIELDS: In the amounts indicated on page 13?

11 THE WITNESS: But what I have reason to believe
12 that STTGI's books are kept reasonably well because a good firm
13 is doing that.

14 BY MR. NIELDS:

15 Q The answer to my question is yes, I take it?

16 A I cannot under oath refer to each one of these
17 individual transfers and generalize, but in principle, the
18 answer is yes.

19 Q Okay. These entries are taken from your records
20 rather than STTGI's records?

21 A You are saying my records, you mean CSF records?

22 Q I mean CSF records and I mean --

23 A And I have testified CSF records were not audited
24 by me before. I am trying to be precise and factual as I can
25 and yet cooperative.

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1 Q The remaining ones, I believe, come from the bank
2 records?

3 MR. ZANARDI: Here? They all have been the bank
4 records.

5 MR. NIELDS: They were not from CSF records?

6 MR. ZANARDI: They were all from CSF records.
7 If you want documentation from the bank, I have it here.
8 Some of it.

9 MR. FLETCHER: These are recorded in the ledger,
10 John, if that is your question.

11 MR. JANIS: May I add something? I don't want to
12 waste a lot of time, but do any of these starting with I
13 suppose the May 5th, 1986 and thereafter, did any of these
14 transactions reflected here in the records that we provided
15 have back-up for what they were?

16 In other words, as I recall the records that were
17 provided in a number of instances, CSF provided -- and we have
18 provided to you documentation for what some of these expenses
19 were.

20 Is it your -- none of that is present?

21 MR. ZANARDI: There are records that support some of
22 those transactions that you gave us.

23 MR. JANIS: Those records don't indicate what the
24 particular transaction is for?

25 MR. ZANARDI: It says -- let's show you one of the

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1 records.

2 MR. JANIS: We can be off the record.

3 (Discussion off the record.)

4 MR. NIELDS: Let's go back.

5 BY MR. NIELDS:

6 Q Mr. Hakim, off the record we have been talking about
7 page 13 of Exhibit 3 and I take it that you do not now have
8 specific rec^ollection of the reason for each one of the transfers
9 indicated on this page?

10 A You are right, sir.

11 Q And I take it that you have a general recollection
12 that from time to time there were infusions of capital from the
13 enterprise into STGTI?

14 A In the context that we earlier established, yes.

15 Q And you think that it is possible that some of the
16 amounts listed here that are not in round numbers were
17 transferred for a particular purpose?

18 A That is a logical conclusion we could come to.

19 MR. NIELDS: Let's go off the record.

20 (Discussion off the record.)

21 MR. NIELDS: Let's go back on the record.

22 I would like to go back on the record. Wait a minute.
23 We are back on the record.

24 BY MR. NIELDS:

25 Q Mr. Hakim, directing your attention to the back of

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1 page 14, and I am going to ask you please to identify the
2 purpose for each business expense listed here that you can
3 recall.

4 A The figure that is referred to as business expense
5 on 15 May 1986, from Albon Values for the amount of \$30,150,
6 if the dates should correspond to the time that we started [REDACTED]
7 [REDACTED]

8 Q They do.

9 A -- then this is the money that was cashed and the
10 \$150 was probably the expense of cashing it and was brought
11 by CSF to my place of residence then in Geneva and I don't know
12 where you got the annotation [REDACTED] but I believe if I am not
13 mistaken that is the name of the DEA gentleman [REDACTED] who
14 came to my place of residence and collected the \$30,000 in
15 cash. But --

16 Q Any others?

17 A One has to look at the dates to make sure I am right.

18 I do happen to have a note here that -- the last name
19 of this gentleman is [REDACTED] He
20 lives [REDACTED] and also I see a notation [REDACTED] He was
21 the operational many who went [REDACTED] I talked to him a
22 number of times, [REDACTED] and I believe his last name is
23 [REDACTED]

24 So if these dates correspond, that is where that
25 expense went to.

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1 August 20, 1986, business expense, Tom Clines.

2 This must have had -- recalling the earlier discussions and
3 earlier testimonies in connection with the abandoned or
4 rather stranded weapons, I see that is also in August 1986,
5 that probably represents the expenses that Mr. Clines incurred
6 in connection with that activity.

7 That is a guess on my part. Again, that date,
8 22 August 1986, business expense, RVS, Richard V. Secord,
9 \$7,000. That date corresponds to the time that we were
10 actively examining the individuals of the second channel.
11 So that must be allocated to the Iranian initiative, just
12 judging from the dates.

13 I cannot identify anything else there. I don't know
14 this 24 September 1986 business expenses to Tom Clines for
15 5,000. I cannot recall Mr. Clines' involvement at that period
16 of time, because to the best of my recollection, that was the
17 active part -- that could very well have to do something with
18 the Iranian initiative you were -- you might have had a -- he
19 might have had an assignment to do some work in connection
20 with the Iranian initiative.

21 MR. JANIS: Off the record for a second.

22 (Discussion off the record.)

23 MR. JANIS: Let's go back on the record.

24 THE WITNESS: Based on comparing the dates that this
25

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1 24 September 1986 refers to the date that the stranded weapons
2 were transacted. In my mind, I would allocate that to the
3 contra account.

4 MR. WECHSLER: By that you mean the 5,000?

5 THE WITNESS: The 5,000, yes.

6 BY MR. NIELDS:

7 Q How about the next item down, 51,000, Hakim?

8 A 51,000, Hakim?

9 Do I have a back-up record to show whether this is
10 cash or -- to me -- if it is to me, I am the logical person to
11 be able to explain that. If I had the back-up, that might
12 help.

13 MR. JANIS: Is there additional documentation?

14 MR. ZANARDI: There may be. That is all I have.

15 THE WITNESS: The only thing I see here, Trade
16 Development. I have three documents here -- I have three
17 \$51,000 payments, and I have three back-up documents. I am
18 trying to sort them out.

19 I see on two of them it says Trade Development Bank.
20 Is this Dubai here?

21 No.

22 As I have testified in the past, anything that I
23 know that has to do with Trade Development Bank is in
24 connection with the American Express cards. I don't know how
25 you reached the conclusion that I should be debited with these

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1 two payments, both of them \$51,003.03. I don't see anything
2 on this back-up document that would give me the idea that I
3 should be debited with that. I cannot put that together.

4 MR. HAKIM: Were people writing blank traveler's
5 checks for you?

6 THE WITNESS: No.

7 MR. LIMAN: Who is Kuen, k-u-e-n, Sik, s-i-k,
8 Won, w-o-n?

9 THE WITNESS: A friend of mine.

10 MR. LIMAN: In New York?

11 THE WITNESS: In New York.

12 MR. LIMAN: Off the record.

13 (Discussion off the record.)

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1 MR. NIELDS: Back on the record.

2 BY MR. NIELDS:

3 Q Mr. Hakim, I don't remember if there is a
4 question pending, but if there is, I'm going to replace
5 it with the following question. To the best of your
6 recollection, what do the business expenses in the amount
7 of \$51,000 on the 30th of September, 1986, and 27th of
8 October, 1986 represent?

9 A You are referring to those that have my name
10 next to the business expense?

11 Q Exactly.

12 A It is speculation on my part. I believe these
13 were cash moneys that I made available for the purposes
14 of the contras in trying to finish and complete our
15 obligations. This is speculation on my part.

16 Q But I take it you do remember making some cash
17 available to the contras at about that time.

18 A Providing the cash for the use of the contras.
19 I had no direct contact with --

20 Q Physically how did you get the cash transmitted
21 to the contras?

22 A I made it available to General Secord and from
23 there on he was in charge.

24 Q Where did you make it available to him?

25 A I remember a case that I transported it myself,

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1 and --

2 Q From Geneva to --

3 A No, from New York. On maybe two occasions I
4 did that.

5 Q From New York to Virginia?

6 A Yes. It's possible I had a third one delivered
7 through a messenger. I can't recall now. Again, from
8 New York.

9 MR. LIMAN: Did he tell you what he was going
10 to use the money for?

11 THE WITNESS: The exact use of it, I don't
12 know, but I knew that in many cases it was sent or --
13 Rafael Quntero picked it up, or it was sent to him, and
14 he took it actually inside and paid for whatever.

15 BY MR. NIELDS:

16 Q And were the amounts consistent with these
17 amounts, \$1,000, \$51,000 --

18 A The \$1,000 is probably the cost of doing
19 business. The actual money probably was 50. Again,
20 this is a speculation on my part.

21 Q It's speculation these are the correct items,
22 but I take it that you do recall on two or three occasions
23 bringing cash from New York to Mr. Second in Virginia
24 in approximately amounts of \$50,000?

25 A Maximum of 50,000.

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1 Q Are there any other items on this list that
2 you recognize?

3 A I believe I recognize the 27 October 1986
4 business expense, Dutton 40,000. That I believe corres-
5 ponds to the time we were making the shipment of the
6 TOWs through the second channel to Tehran. So Mr. Dutton
7 was brought in to go to Tel Aviv to effectively replace
8 Mr. Secord like he did in the previous missions. This
9 time Mr. Dutton was in charge. So that money was made
10 available to him in Geneva.

11 Q Any others?

12 A There is a 26 November 1986 business expense,
13 Shea and Gardiner. I suppose this is legal fees in
14 connection with the Florida case.

15 MR. LIMAN: Who were they representing?

16 THE WITNESS: A whole group of us: General
17 Secord, myself. There were some 30 people called as
18 defendants. I don't know how many people were in our
19 group. That is again speculation on my part.

20 MR. JANIS: Off the record.

21 (Discussion off the record.)

22 BY MR. NIELDS:

23 Q I would like you to look at page 15.

24 A Yes, sir.

25 Q There are two disbursements there to ^uForway
^

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1 Industries. What were those for?

2 A Again, it is speculation on my part in
3 connection with the 25 August 1986 for amount of \$50,000.
4 I remember that we should look at STC and/or STTGI books.
5 I believe STTGI books in California, not in Washington
6 or Vienna.

7 If I'm not mistaken, this has to do, this was
8 allocated to money invested into STTGI. But the purpose
9 of this was to, I believe, in connection with the
10 promotion and sales of the laser sites that I testified
11 yesterday.

12 That is again speculation on my part, but can
13 be verified through checking back records of STTGI, in
14 Campbell, California, Bank of America.

15 Q Let me see if I understand. The STTGI ones
16 again in California was owned by whom?

17 A STTGI in California and STTGI in Vienna, the
18 same corporation. It is a California corporation.
19 Operationally it moves its place of activity to Vienna
20 where it was convenient for Mr. Secord, and the activities
21 of the company in California was really limited to
22 remaining in existence and having an address so the
23 company could remain in existence as a California firm,
24 but this particular payment or a particular payment through
25

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1 Forway to STTGI was made for the purpose of the marketing
2 of the laser sites, because we intended for Forway to
3 manufacture these. It was our design --

4 MR. LIMAN: What does "our" mean?

5 THE WITNESS: It actually belongs to me and
6 an associate of mine. This is a follow-up on this
7 Techtronics Company I mentioned to you earlier that I was
8 conned out of \$800,000. One of the products that they
9 dealt with was a laser site, and it has a long story.
10 From there it went to Hydra and they went bankrupt, and
11 finally I developed this next generation of laser site
12 with the help of an associate of mine, and this is the
13 product that right now we are in the process of selling
14 to the Korean government. So ^uForway was supposed to
15 provide a manufacturing capability for us.

16 BY MR. NIELDS: So these are, as I understand
17 it, expenses in connection with a business enterprise
18 of which you and Mr. Secord shared 50/50?

19 A In the line of the context that we have already
20 established, I would classify it as money transferred
21 from the enterprise to us in July. That would be more
22 accurate.

23 We have managed to establish a line of
24 communication here between us that regardless of what
25 the original intent of these transfers were to STTGI,

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1 which was a line of credit, the way things stand today,
2 because the projects were aborted and because I'm sure
3 Mr. ZuckMer has cashed in on these moneys, these effectively
4 are transfers from the enterprise to STTGI. So it should
5 be categorized as such.

6 I haven't answered your question in connection
7 with the second figure, \$260,000, Forway, on page 15.

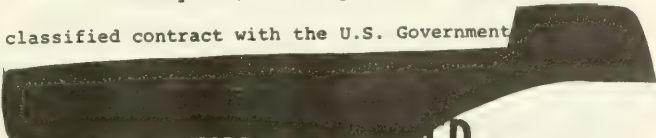
8 Q I'm glad you raised that. I thought you were
9 answering with respect to both disbursements.

10 A No. I said 50.

11 Q I think that's correct, now that you remind me
12 of it. What is the \$260,000 disbursement to Forway?

13 A If I recollect exactly, Mr. Nields, I would
14 classify this as misallocation. The reason I so firmly
15 classify that as misallocation is because, if I'm right,
16 and this refers from the date, I believe I'm right, 12
17 November, this is a transaction that STTGI accepted to
18 perform for Forway, and which has nothing to do with the
19 contras, the Iranians, the laser sites, a normal conven-
20 tional type of business that STTGI can render to clients
21 such as Forway.

22 Forway had, and they still have, a highly
23 classified contract with the U.S. Government



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1 Certain very large government contract has
2 an agreement with ^uForway for that classified project.
3 Forway solicited or helped in [REDACTED]

4 [REDACTED]
5 [REDACTED] We managed
6 to identify those equipment and ^uForway was supposed to
7 open a letter of credit in favor of Stanford Technology
8 Vienna so we could pay the suppliers.

9 Apparently the government contract, U.S.
10 Government contractor that had to contract with ^uForway,
11 they were late in opening the letter of credit to ^uForway.
12 So ^uForway was not in the position to effect payment to us
13 and the goods were sitting there with the supplier.
14 ^uForway is a company that Mr. Zucker personally has an
15 interest, and I talked to Mr. Zucker. I said, "You have
16 to step in and make available to STTGI a letter of credit
17 so we can fulfill our obligations to the suppliers." I
18 learned later on that he used the funds of the enterprise,
19 which it was a deal between Mr. Zucker, ^uForway and STTGI,
20 and the funds of the enterprise should not have gotten
21 involved in any way or form.

22 So apparently it was convenient, he used it,
23 he opened a letter of credit to STTGI. The transaction
24 was finalized, consummated and there must be somewhere
25 in all the papers here that this money was returned back

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1 to the enterprise.

2 Q By CSF or by ^UForway?

3 A One of the two.

4 MR. LIMAN: Are you saying that the \$260,000
5 went to STTGI?

6 THE WITNESS: No, I'm saying that Mr. Zucker
7 opened the letter of credit using the enterprise's
8 money.

9 MR. NIELDS: To pay the supplier with?

10 THE WITNESS: No.

11 MR. JANIS: STTGI then paid the supplier.

12 THE WITNESS: Used it to open a letter of
13 credit.

14 MR. LIMAN: No money goes out when you open a
15 letter of credit.

16 THE WITNESS: No money goes out. It's only
17 bookkeeping.

18 MR. NIELDS: In whose favor was it opened?

19 THE WITNESS: STTGI.

20 MR. LIMAN: So STTGI could buy the goods from
21 the vendor.

22 THE WITNESS: That's correct. Actually, this
23 money never left Switzerland or wherever it was. It was
24 blocked. Based on that, a letter of credit was established.
25 It was collateral, if you will.

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1 MR. LIMAN: But there was a disbursement of
2 something.

3 MR. ZANARDI: The question I have is, is the
4 letter of credit still open? We don't find any return --

5 THE WITNESS: That is the point I'm trying to
6 make: No money, based on the information he provided me,
7 actually left our bank.

8 MR. ZANARDI: It was sitting there.

9 THE WITNESS: It was simply a bookkeeping
10 maneuver.

11 BY MR. NIELDS:

12 Q What you are saying is that \$260,000 is part
13 of the moneys remaining in their possession on your
14 behalf as you testified in Paris.

15 A That is what I'm trying to say.

16 Q Just so I understand it, maybe others do, I
17 do not, was the transaction consummated in the sense
18 the supplier was paid?

19 A The supplier was paid, Forway received the
20 moneys from the prime contractor and we collected our
21 commission.

22 MR. LIMAN: And you then had to draw down on
23 the letter of credit.

24 THE WITNESS: That is correct.

25

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1 BY MR. NIELDS:

2 Q Who initially made the money available to the
3 supplier? Was it STTGI's bank in the United States?


4 A I believe -- you should look at STTGI's book
5 in Vienna. That total is reflected there.

6 Q What you are saying, either STTGI paid the
7 supplier or its bank paid the supplier and then --

8 A Or the prime contractor by then made the money
9 available to be paid the vendor. It was satisfied.

10 Q In any event, STTGI didn't either spend or
11 lose money on the transaction and neither did the
12 enterprise?

13 A Not only that. What you said is correct.
14 Not only that, for the first time STTGI had an income.
15 They have had moneys coming in for the services that we
16 render, but this was a commission that we earned.

17 MR. VAN CLEVE: Just so I have the nature of
18 the transaction itself clear, this is all purchasing
19 

20 THE WITNESS: Yes. For the United States
21 Government.

22 MR. VAN CLEVE: Off the record.

23 (Discussion off the record.)

24 BY MR. NIELDS:

25 Q We now go to page 20 of 37.

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1 MR. JANIS: For the record, on page 17, I'm
2 advised that there is currently an invoice outstanding
3 for Air Advisory. I'm guessing it's something like
4 \$50- or \$60,000.

5 MR. LIMAN: Do you have a copy of that?

6 MR. JANIS: No.

7 THE WITNESS: I don't.

8 MR. JANIS: There is a copy in Switzerland.
9 And that's very embarrassing, very, very embarrassing.

10 MR. JANIS: That is a Swiss company.

11 THE WITNESS: There is a way you have to do
12 something with that.

13 MR. LIMAN: If you testify here long enough,
14 maybe witness fees will do it. Only 716 more transactions
15 to go through.

16 BY MR. NIELDS:

17 Q Okay, page 2. If you don't know the answer to
18 it, don't speculate about it.

19 These are a series of payments to Tom Green.
20 Do you know what they relate to, Iran, contra or other?

21 A I believe, I'm not sure about one item here --
22 I don't like to speculate, but I believe that \$50,000 was
23 a loan that I provided effectively out of the enterprise
24 to Richard Secord for Tom Green. Such a thing happened.
25 I don't know whether this is it or not.

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1 MR. LIMAN: But there was a \$50,000 item?

2 THE WITNESS: Mr. Liman, a figure close to
3 that. But it was 35 or 65 --

4 MR. LIMAN: There is one 45 and one 60. If
5 you don't know which it is --

6 MR. ZANARDI: There is one transaction to
7 Tom Green that appears in the capital account.

8 MR. NIELDS: Exactly, that is the point. That
9 is the \$45,000 one.

10 THE WITNESS: I didn't hear.

11 MR. NIELDS: He says it appears on the capital
12 account, on Secord's capital account, Korel, and if that
13 was a -- if in effect you were treating this as a
14 Secord personal expense, it would make sense to allocate
15 it to the Korel capital account, I take it.

16 THE WITNESS: I don't think I was that efficient
17 when I made that note --

18 MR. LIMAN: What you know is that General
19 Secord asked you to advance either \$45- or \$50,000 as a
20 loan to his attorney.

21 THE WITNESS: That's it.

22 MR. LIMAN: Was there a note signed?

23 THE WITNESS: Not with me.

24 BY MR. LIMAN:

25 Q Was the money to be repaid to General Secord?

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1 A To General Secord.

2 Q So it was going to be a loan by General Secord
3 to Tom Green, and you advanced the money or disbursed
4 the money to General Secord?

5 A For the purpose of your bookkeeping and
6 allocation, I would charge this to Secord, for bookkeeping
7 purposes.

8 BY MR. NIELDS:

9 Q You said yes to a question that surprised me.
10 Are you saying that this was a loan to Tom Green --

11 MR. LIMAN: Yes.

12 BY MR. NIELDS:

13 Q Or a loan to Secord so he could pay Tom Green?

14 A No. No. I consistently said it was a loan
15 to Tom Green at the request of Mr. Secord.

16 BY MR. LIMAN:

17 Q It was a loan from Secord to Tom Green?

18 A To Tom Green.

19 Q You provided the money to Secord and it should
20 have been charged therefore to Secord's account?

21 A That's right.

22 BY MR. NIELDS:

23 Q And I take it that could have been the
24 \$45,000 transaction or it could have been the \$50,000
25 one consistent with your memory?

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1 A It could also be possible that it's not even
2 here. Okay.

3 You show me these. It refreshes my memory.
4 I remember the transaction --

5 MR. LIMAN: And the rough amount.

6 THE WITNESS: And the rough amount.

7 BY MR. NIELDS:

8 Q Do you remember the rough time period?

9 A No.

10 Q 1985 or 1986?

11 A I honestly can't remember. I would say it was
12 1986.

13 BY MR. LIMAN:

14 Q You answered there was a \$35- or \$50,000 loan
15 that you have just described. What were the other pay-
16 ments to Tom Green for?

17 A The best guess that I can make is these must
18 be legal fees.

19 Q When you say "best guess," I take it all of
20 these were payments at the direction of General Secord?

21 A Definitely.

22 Q And were these payments where he channeled
23 the direction to you or where he went directly to
24 Zucker?

25 A Secord, unless it was absolutely necessary,

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1 tried not to come in contact with Zucker's network.

2 Q What was the reason that he tried not to come
3 in contact with Zucker?

4 A It was a very basic understanding, Mr. Liman.
5 Each one of us had his own circle --

6 Q And function?

7 A And function. We tried to remain in there as
8 much as possible without getting in the way of the other
9 party.

10 Q Was it to maintain secrecy?

11 A Very much so.

12 Q You would deal directly with him?

13 A Yes.

14 Q You would deal directly with Zucker?

15 A There's no question the structure to maintain
16 secrecy at all levels, as you probably know, for instance,
17 I do not have U.S. clearance. I should not have been
18 privy to a lot of information, so they wanted to honor
19 that. And there were a lot of things, still a lot of
20 things within my -- I testified yesterday my business
21 network that I had created from the time that I lived
22 in Switzerland. I didn't want them to get into my
23 system. So we respected and honored that. The same
24 thing applied to all these structures.

25

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1 BY MR. NIELDS:

2 Q Are these disbursements to Tom Green in
3 connection with the Florida lawsuit?

4 A I don't believe so. It is possible. However,
5 I am not certain Mr. Secord did consult Mr. Tom Green
6 now and then in connection with the corporate entities.
7 I don't know that for a fact.

8 MR. JANIS: May I have your indulgence?

9 THE WITNESS: There is a good observation here,
10 Mr. Nields.

11 MR. JANIS: Let's go back on the record.

12 MR. NIELDS: Yes?

13 THE WITNESS: It appears the possibility I
14 mentioned earlier about this loan to Mr. Green may not
15 appear in any of these. If you go back to the page that
16 I effected payment to Mr. Janis for the contra-related
17 lawsuit. That's the back of page 8. If you look at
18 that date, 24 July 1986, payment to Mr. Janis' law firm
19 for \$10,000, 24 July, and if you come back to that
20 \$50,000 payment the 22 of July, that could very well be
21 in connection with the contras.

22 BY MR. LIMAN:

23 Q To Mr. Green?

24 A To Mr. Green.

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25

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1 BY MR. NIELDS:

2 Q You mean in connection with the Florida lawsuit?

3 A The Florida lawsuit and thus it could be a legal
4 fee.

5 Q How about the subsequent ones?

6 A I testified earlier that I can only guess.
7 I recall vaguely Mr. Secord now and then consulted with
8 Mr. Green on both of these covert activities. These could
9 very well, all of these, be legal fees.

10 Q Do you know if anyone else consulted with
11 Mr. Green on the covert activities?

12 A Consulted -- at the beginning of the operation
13 or at any time?

14 Q At any time.

15 A I don't have firsthand information. I know that
16 I consulted with him for a very short period of time
17 before I retained the services of Mr. Janis' law firm.

18 MR. VAN CLEVE: Were you a client of Mr.
19 Green's in connection with the Florida lawsuit at any
20 time?

21 THE WITNESS: To this date I'm not quite sure
22 how legally this falls out, because he retained another
23 lawyer, and technically I don't know. He may very well
24 be my attorney in this thing, I don't know. I have no
25 legal opinion.

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1 BY MR. NIELDS:

2 Q So you consulted with him a very small amount,
3 as I understand it, about North?

4 A I believe there was a time that, when we were
5 all panicking after the famous speech of Mr. Meese. He
6 was --

7 Q I don't mean that. I mean earlier.

8 A Earlier, I don't know.

9 Q Was Mr. Green ever paid a finder's fee in
10 connection with the Canadian arms?

11 A I believe so. I did not pay him. I did not
12 pay him. I don't believe Mr. Secord paid him.

13 BY MR. LIMAN:

14 Q You heard of the Canadian arms deal --

15 A The reason I remember that it was paid to
16 his law firm, it was not paid to him.

17 Q Did he complain?

18 A I don't know.

19 Q When you say it was paid to his law firm,
20 somebody must have told you what the Canadian arms dealer
21 paid to a law firm a finder's fee?

22 A I believe my information must have been through
23 Mr. Secord.

24 Q And Mr. Secord told you the Canadian arms
25 dealer paid the law firm a finder's fee?

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1 A The reasons outstanding in my mind is Mr. Secord
2 must have told me that his law firm was paid for this and
3 I found that very strange, how you pay a law firm's finder's
4 fee -- you could pay a member of the law firm, but --

5 Q Did Secord tell you they made a mistake and
6 it should have been paid to Tom himself?

7 A No.

8 Q Did he find it strange or just you? That's
9 what I'm asking.

10 A I found it strange. He said that it was the
11 corporate, or the law office's activity, and they shared
12 everything alike and he wanted to remain decent, and he
13 did not find it adequate -- I'm saying, to me, it was
14 strange, to Secord it was not strange, to Tom Green it was
15 not strange. He thought it was ethical for him to share
16 it with his partners.

17 Q What do you mean when you say it was not
18 adequate?

19 A In my mind.

20 Q You use the word it was not adequate. I just
21 didn't understand that.

22 A To me, a law firm --

23 Q You thought it should have gone to the
24 individual, not the institution.

25 A That's not what I'm saying. In my mind, a law

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1 firm practices law; they don't go and find -- then if it
2 goes -- to me, it was quite strange because the money went
3 to the law firm. And I see ethics -- I mean substantial
4 high ethical move and then it's -- I didn't see anything
5 unethical with it. I found that to the contrary, it
6 increased my respect for Mr. Green to be so open to his
7 clients and not to go behind their back and do other
8 things.

EXAMINATION ON BEHALF OF THE HOUSE

SELECT COMMITTEE

11 BY MR. NIELDS:

12 Q Let's move to page 23. That is a disbursement
13 to Goulden's client. What is that?

14 A Do you have any back-up document on that?

15 MR. LIMAN: Who is Goulden?

16 THE WITNESS: First time I hear it.

17 MR. LIMAN: Do you know who it is? Why don't
18 you tell him so he can tell us.

19 MR. NIELDS: Back on the record.

20 BY MR. NIELDS:

21 Q What's your best information as to what Goulden's
22 client is and what this represents?

23 A The way I would like to answer your question,
24 Mr. Nields, is maybe to give you a clue, with the rest of
25 the information you have, and see if my speculation is

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1 correct.

2 I believe that this has to do with the trans-
3 action in connection with the Blowpipe from England,
4 a certain David Walker. My best guess is that this deals
5 with that. So if you can look into it further --

6 MR. LIMAN: Did you not get the money back?
7 There was a deposit back. Did you not get that money
8 back?

9 THE WITNESS: I can't recall what happened to
10 that transaction. I don't know whether we even collected
11 this.

12 Correction. Correction. I believe it was
13 Dave Walker. I believe the transaction was not the
14 Blowpipe. I believe the transaction had to do with the
15 load master to pilots.

16 BY MR. NIELDS:

17 Q And the phrase "Goulden's client" is on your
18 record, I take it, as a way of preserving the secrecy
19 of Walker's identity?

20 A I suppose so. I cannot be sure. I suppose so.

21 Q You are talking about the crew for flying the
22 airplanes into Nicaragua and dropping the weapons to the
23 contras?

24 A There was a time, yes. Yes.

25 Q I suspect -- well, I don't know. Is this a

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1 misprint? This is a Motorola transaction?

2 MR. JANIS: For the record, in your record it
3 said Matada.

4 BY MR. NIELDS:

5 Q Turn to page 24. I don't need to ask any
6 questions about that. Try 25. Four disbursements to
7 Stanford Technology.

8 A I have only one basic question in connection
9 with the back-up documents on this. Was it transferred
10 to California?

11 MR. NIELDS: That's what I want to find out.

12 THE WITNESS: It seems we are talking about
13 transfers to California, and while you gentlemen are
14 looking for back-up documents, there is a point I would
15 like to bring to your attention.

16 I recall a transfer that was supposed to be
17 made to STTGI and by mistake it was transferred to
18 Stanford Technology Corporation in California and then
19 STC found the mistake and retransferred it from their
20 account to STTGI. If you come across --

21 MR. LIMAN: How much?

22 THE WITNESS: It was a substantial sum. It
23 was a large sum.

24 BY MR. NIELDS:

25 Q I don't know what you think of as large.

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1 A Maybe \$50-, \$60-, \$70,000. So if you come
2 across that transaction, you should consult STTGI or
3 STC's books to obtain clarification.

4 MR. NIELDS: Has anyone come up with any
5 back-up for these?

6 The question is whether these are transfers to
7 Stanford Technology Corporation or transfers to STTGI.

8 THE WITNESS: If you show me where they were
9 transferred -- let me answer your question differently.

10 There were transfers made to Stanford Tech-
11 nology Corporation. I should have been indebted for
12 that, not the enterprise.

13 BY MR. NIELDS:

14 Q I believe if these are transfers to Stanford
15 Technology, I think you say they are for your personal
16 benefit and not for the enterprise.

17 A Or STTGI. It should be the individual Albert
18 Hakim.

19 Q Would you turn to page 30?

20 MR. JANIS: This gets into a very sensitive
21 area.

22 MR. NIELDS: We are talking about names of
23 people that ought not be named?

24 MR. JANIS: Yes.

25 MR. NIELDS: Tell us if --

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1 THE WITNESS: I can give you the nature of it
2 and then --

3 MR. LIMAN: Why don't we do sensitive matters,
4 I think John is entitled to it, George it entitled to
5 it, and I'll take it on the same confidential basis. We
6 just can't operate without having some understanding of
7 it so we can tell our members they shouldn't go into it.

8 MR. JANIS: We are prepared to do it generically.

9 MR. NIELDS: If we need more off the record,
10 we'll go off the record.

11 MR. LIMAN: We're going to have to give
12 instructions to members.

13 THE WITNESS: I want to help as much as I can
14 so you can do your job and we can get on with our lives.
15 Life must go on. So if we can get off the record.

16 MR. JANIS: Is there anything you can say on
17 the record about this?

18 THE WITNESS: Yes. This has to do with the
19 second channel in connection with Iran.

20 MR. NIELDS: Okay.

21 THE WITNESS: We're off the record?

22 MR. LIMAN: We're going to stay on.

23 BY MR. NIELDS:

24 Q On page 33 you have five directors fees. I
25 take it these are fees paid to CSF?

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1 A For the directors. They must have paid also
2 the Panamanian reports --

3 MR. LIMAN: These are the dummy directives.

4 THE WITNESS: I don't think they would like that
5 terminology.

6 MR. LIMAN: I don't mean dumb. There is a
7 difference. There were times when people appreciated
8 being called that.

9 MR. VAN CLEVE: These are rather expensive
10 dummy directors.

11 BY MR. NIELDS:

12 Q Page 34. Let's keep going. There is a
13 disbursement from Udall to [REDACTED]

14 MR. ZANARDI: I believe that's also Quintero.

15 MR. NIELDS: Does Mr. Hakim know anything
16 about this?

17 THE WITNESS: If I know what this is, there
18 is a misspelling there. And, again, we discussed that
19 separately --

20 MR. LIMAN: Why do you think it's Quintero?

21 MR. ZANARDI: Let him answer the question.

22 BY MR. NIELDS:

23 Q Can you tell us whether this is -- tell us
24 the correct spelling.

25 A Let me limit the answer to the question that
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1 has to do with the --

2 Q Is this an expense for Iran or contra?

3 A Iran, second channel.

4 MR. ZANARDI: It is the same person as the
5 other one, I'm sorry. Mike Farina.

6 BY MR. NIELDS:

7 Q On page 35, an expense from Energy Resources,
8 April -- that should have been charged to you?

9 A That's money I transferred for my wife. She
10 happened to be in Korea then.

11 Q Let me tell you that we made the mistake, not
12 CSF, and it was charged to you.

13 A Okay. Good.

14 Q Page 36. There are three charges, Eric
15 Zucker, cash. There is a misspelling there, too, but
16 these are all to Mr. Zucker's son, I take it. For what
17 purpose?

18 A Do you have any records showing how he was
19 getting paid for his salary when he worked for us for
20 a short period of time?

21 Q I don't think we do.

22 MR. LIMAN: No, but these look like they're
23 monthly payments.

24 THE WITNESS: If they are monthly payments,
25 then they're salary.

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1 BY MR. NIELDS:

2 Q So that's allocatable, equally, to all aspects
3 of the enterprise?

4 A I would say that this started with the
5 Iranian initiative. It should be allocated to the
6 Iranian initiative.

7 Q You said he did up a chart which included both
8 Central America and Iran?

9 A He just used the machine and --

10 Q Last page, 37, there are payments to Sharf,
11 Green and Langford. These are apparently to the law firm,
12 but I take it they are --

13 A There should be invoices for that.

14 MR. LIMAN: It looks like disbursements to
15 me.

16 THE WITNESS: I believe they were billed and
17 had to do with the contras, and there should be
18 invoices for that.

19 MR. WECHSLER: You mean the Florida lawsuit?

20 THE WITNESS: No, the contras. It had to do
21 with a land purchase.

22 MR. JANIS: Lanker is spelled with a "k" and
23 not a "g."

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1 BY MR. NIELDS:

2 Q Let's get into Iran, the Iranian aspect of this
3 thing.

4 A You don't want to cover this CSF thing, get
5 that out of the way?

6 Q Do you want to do that?

7 MR. LIMAN: Are you in the mood to do CSF?

8 THE WITNESS: I would like to finish with the
9 borrowing stuff, figures, money, all of that. I winked.

10 MR. NIELDS: Make sure you get that on the record.

11 THE WITNESS: I have to design a new machine to do
12 that.

13 BY MR. NIELDS:

14 Q What is it basically that you are focusing on?

15 MR. JANIS: It is his job to ask the questions
16 and your job to answer them.

17 MR. NIELDS: It is easier to ask me.

18 THE WITNESS: I am trying to assist, to see where
19 they want to focus.

20 BY MR. NIELDS:

21 Q Maybe you could begin by simply describing CSF
22 to us.

23 A CSF is a company that basically provides a various
24 number of services, a service company. It provides fiduciary
25 functions, money management, legal work, but basically they

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1 work with only a selected group of clients, where they are
2 very selective.

3 MR. LIMAN: Is there anything analogous to that
4 in the United States, to that kind of company?

5 THE WITNESS: Not under one roof.

6 BY MR. NIELDS:

7 Q Because they have both lawyers and investment
8 counselors and --

9 A Yes. It is probably under two or three
10 different kinds of professions you can come up with the
11 same package.

12 Q Tell us what the two or three professions are.

13 A Banking, a law firm, and I differentiate between
14 banking and money management. Money management -- and there
15 are other services that I classify under general. They do
16 tax -- they do quite a bit of tax work.

17 Q Where are their offices?

18 A It is in Geneva.

19 Q Do they have only one set of offices?

20 A CSF does only one set and then they added a new
21 capability a few years ago and they created the CSF
22 Investment Limited. I believe they are -- legally it is
23 formed under the laws of Bermuda, and they are located there.

24 Q Located in Bermuda?

25 A Yes.

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1 Q Hamilton?

2 A Hamilton.

3 Q How many employees or partners -- how many people
4 are there that work at the CSF offices in Geneva?

5 A A wild guess, I would say about between 12 to
6 20 people.

7 Q Can you just describe the different categories
8 of people that work there?

9 A They -- first of all, they employ more than one
10 system of computer. I believe they have two, two different
11 sets of computers. They lease out some of that, some time
12 of the computers. They do -- I believe they do outside
13 bookkeeping or at -- leasing the computers for outside
14 bookkeeping, so they have people who deal with the computers.
15 They have accountants. They have tax experts.
16 They have lawyers, and the rest is clerical and bookkeepers,
17 general administration and so on.

18 Q Who owns it?

19 A I have -- I do not have first hand information
20 myself.

21 MR. LIMAN: Who acts as if he owns it?

22 THE WITNESS: Mr. Zucker.

23 MR. VAN CLEVE: Do you own an interest in CSF?

24 THE WITNESS: No, I don't. I have for -- sometimes
25 I entertained the idea of buying into that company and I

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1 discussed this with Mr. Zucker. He thinks I am too dangerous
2 for that type of business. I am a marketeer.

3 BY MR. NIELDS:

4 Q Does he have any partners who are perhaps less
5 equal than he, but who are nonetheless partners in his
6 business?

7 A I don't believe so. I think it is a family
8 organization.

9 Q To the best of your knowledge he is the sole
10 owner?

11 A To the best of my knowledge he is the sole owner.

12 Q How many -- just approximately, if you have any
13 idea, how many clients does CSF have?

14 A I think he puts out some sort of a statement that
15 doesn't spell out the number of clients he has, but he puts
16 out what its assets are and how much money total they
17 bank.

18 Q How much total does he manage?

19 A The last time that I talked to him about this
20 must have been a couple of years ago. I think he was
21 managing something in excess of 120, 130 million Swiss
22 francs or the equivalent.

23 Q One hundred thirty million Swiss francs. What
24 is that in dollars?

25 A You are talking something between 50 to 70 million

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1 dollars depending when you take that. I must add at this
 2 time it is important that we all get a feel for what is
 3 happening to Mr. Zucker today.

4 He is a very honorable man. He really is. He is
 5 a good friend. He is a good lawyer. He is a -- in my
 6 opinion, he is the most creative financial man that I have
 7 seen. I have a lot of respect. He is a very dear friend
 8 of mine, and he has drastically, drastically suffered
 9 from this incident.

10 He has lost a large number of his clients, and
 11 they simply came and pulled out their investments and
 12 employees resigned. He went through a very bad emotional
 13 time. He is still going through a bad emotional time.
 14 He is torn into ^{pieces} ~~pieces~~. He likes to maintain his pro-
 15 fessional integrity, his friendship. It is not an easy
 16 situation that he is dealing with.

17 Believe it or not, when he -- at the beginning
 18 he did not know what we were doing. If there was a time
 19 that he came about to understand that we were working on
 20 some sort of a covert activity, I assured him that it was
 21 legal, and the President of the United States knew. He
 22 open-heartedly accepted to help us. He has definite,
 23 definite principle to fight Communism. The way I put it to
 24 him, basically -- this is what we were doing. So
 25 towards the end of our activities, he knew that we were

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1 working on behest of the U.S. Government. He had no reason
2 to doubt me. I have known him and worked with him for
3 something like more than 15, 16 years. There is a lot of
4 mutual respect and trust there. So I thought -- I mention
5 that on the record, that this man has suffered drastically.

6 Q When you --

7 MR. LIMAN: Did you consider yourself one of
8 his more important clients?

9 THE WITNESS: No. Not really.

10 MR. LIMAN: In terms of magnitude of your
11 business with him?

12 THE WITNESS: I honestly, truly don't believe that
13 he -- even if you look at the amount of money that he
14 has collected as a result of our activities, when you look
15 at the total inefficiency that we created in his
16 organization, we were not that profitable for him.

17 Did I answer your question?

18 BY MR. NIELDS:

19 Q Let me follow it up a little bit. That is
20 something I am not sure I understand. The money that you had
21 on deposit at the various bank accounts, Hyde Park Square,
22 Gulf Marketing, those monies would not be included in the
23 amounts that Zucker managed, would they?

24 A I don't think he would have shown that in his
25 statement, no.

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1 Q Now I take it that what would be included in
2 the amounts that he managed are the amounts in the capital
3 accounts that were sent to CSF and had come out of the
4 enterprise bank accounts?

5 A With the exception that there were times that
6 I have noticed, after looking at the figures, that he
7 dipped into those accounts and used it in some instances for
8 operational purposes when he was not supposed to.

9 Q When you said those accounts, you mean the
10 capital accounts had been used for operational purposes?

11 A Basically what I am referring to, I am considering
12 also the reserve as one of the capital accounts. So that
13 is where the major money is parked.

14 Q That money in the reserve, I take it, was managed
15 by CSF?

16 A CSF Investment. CSM Investment Limited.

17 Q You testified in Paris about, I think, about
18 a \$6 1/2 million amount of money that was being held on your
19 behalf by a Swiss fiduciary. I take it that was CSF?

20 A Yes.

21 Q Where is that money now?

22 MR. JANIS: It is in the State Department -- that
23 is off the record.

24 THE WITNESS: We have been informed that these
25 monies are kept in Toronto Dominion Securities-London.

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1 BY MR. NIELDS:

2 Q I would like you to say that again. Please do it
3 again.

4 MR. JANIS: I think what he said is Toronto
5 Dominion Securities in London.

6 MR. VAN CLEVE: Is that a bank?

7 MR. JANIS: That is my understanding.

8 MR. ZANARDI: Can we go off the record for
9 a second?

10 (Discussion held off the record.)

11 MR. NIELDS: On the record.

12 MR. JANIS: Can we go off?

13 (Discussion held off the record.)

14 BY MR. NIELDS:

15 Q Apparently there is reason to believe that in the
16 very end of 1986, about \$6.4 million was transferred from
17 Republic National Bank, a ^FCSF account in Republic National
18 Bank to Toronto Dominion Securities in London. The
19 question you were asked while we were off the record is whether
20 that was at your direction.

21 I take it the answer is no.

22 A The answer is no.

23 Q Then I would like to give you an opportunity to
24 at this time give us more information about CSF and how it is
25 structured.

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1 A CSF is a self-sustained, complete service company
2 with a lot of professional integrity and knowledge and
3 creativity. They do not necessarily keep on calling their
4 clients for every move that they want to make. That is
5 very important to understand. And I am not just referring
6 to us. I have seen Bill operating that way.

7 He consults with these clients when necessary, but
8 he knows where he is going. He knows what needs to be done.
9 He spends a lot of time examining issues. He, like I said,
10 provides a complete service under his own direction and
11 management with the aid of the accountants and lawyers and
12 other staff that he has. It is not a clerical organization.

13 MR. LIMAN: So he has discretion?

14 THE WITNESS: He has discretion. He makes
15 decisions himself. That is to the benefit of his clients,
16 how to protect the interest of his clients. He is very
17 sensitive to that.

18 MR. LIMAN: You are not suggesting that it is just
19 coincidental that on December 30, 1986, transferred this
20 \$6.2 million from outside the United States jurisdiction
21 to the UK?

22 THE WITNESS: I am suggesting that it may not even
23 have anything to do with us. It could very well be some of
24 his clients -- let me back up and tell you normally how he
25 spreads his --

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1 MR. LIMAN: Didn't you understand he was trying
2 to protect one of his clients; namely, you ^{by} ~~buy~~ moving the
3 money outside of the United States jurisdiction?

4 THE WITNESS: If we assume this money was ours and
5 was kept in National Republic Bank, and it was ours, then
6 your assumption is correct.

7 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

8 BY MR. LIMAN:

9 Q Did you not know where the money was before you
10 heard it was in London at the Toronto Dominion Securities?

11 A That is what I am trying to explain. The way --
12 and one of the reasons that digging into this bookkeeping is
13 so much more difficult than a normal way, he tries to
14 spread the risk of his clients.

15 What he does, let's say that there is an invest-
16 ment of some -- whether it is an office building or oil
17 business or whatever, of \$10 million. He syndicates that.
18 He goes and gets through -- gets other firms, maybe 5
19 million, and then he has 10 clients. He -- depending on the
20 amount of monies that they have with him, he allocates
21 portions of their capital and then he goes as CSF Investment
22 for the other \$5 million

23 MR. JANIS: Can we go off the record for a
24 second?

25 MR. LIMAN: Before that, CSF maintains an

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1 Omnibus account; is that correct, an account in which the
2 monies of a number of clients are comingled?

3 THE WITNESS: That is correct.

4 MR. LIMAN: And on his books he can identify which
5 clients money is where and --

6 THE WITNESS: Where and how. Exactly. That is
7 the point. That is the heart of the explanation.

8 BY MR. LIMAN:

9 Q That is his operation?

10 A Exactly.

11 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

12 BY MR. NIELDS:

13 Q I take it he has a number of bank accounts in
14 which his clients' money is physically located? There are
15 more than one?

16 A Obviously.

17 Q I take it there is -- well, how many are you
18 aware of?

19 A He is very discrete, believe you me.

20 Q But you have heard of Toronto Dominion Securities.
21 I take it that is a CSF account at Toronto Dominion Securities
22 that your money is in?

23 A I have no idea of how he has structured it. In
24 answer to the question of our lawyers in Switzerland, this
25 information was provided.

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1 Q Is it invested there? Is it earning money?

2 A I believe it is in some sort of a ^{deposit} ~~deposit~~.

3 Q What does that mean?

4 Does that mean, yes, it is earning interest?

5 A Yes. It is earning interest.

6 MR. JANIS: I believe that the record that was
7 provided -- am I mistaken? I believe the records that were
8 provided to the committees by Mr. Hakim indicated the
9 location of a number of banks in which these assets were
10 invested?

11 MR. ZANARDI: The --

12 MR. JANIS: And they were not primarily United
13 States banks.

14 MR. ZANARDI: The problem is if we are talking
15 about, for example, the \$2 million reserve, the records we
16 received indicated that it was a cash disbursement and in
17 many cases -- in that case, the bank was not identified.

18 MR. VAN CLEVE: You were not able to tell from
19 the records? You were not able to identify a dozen or so
20 banks, financial institutions?

21 MR. ZANARDI: In terms of CSF, the answer is,
22 yes, because I think the best example would be in the arms
23 transfer to Defex, in which at least four or five different
24 CSF accounts were used.

25

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1 MR. VAN CLEVE: I think there is more in the
2 record than either -- either we are not communicating or
3 there is more in the records than you may have gathered at
4 first glance. I think the premise of your question is
5 really not correct.

6 MR. LIMAN: Not correct in the sense that the
7 money was abroad before December 30?

8 MR. VAN CLEVE: Yes. I think to the extent your
9 question seemed to imply that, for example --

10 MR. LIMAN: It did imply.

11 MR. JANIS: -- \$6 1/2 million in Republic
12 National Bank --

13 THE WITNESS: It was a coincidence.

14 MR. NIELDS: It might not have been a coincidence,
15 too. Republic parks its money various places. Some went to
16 Bermuda.

17 MR. JANIS: I think the records the committee has
18 would demonstrate that this was not a situation in which this--
19 these monies were on deposit at Republic National Bank
20 in New York and were spirited out of there before the end
21 of the year so that nobody could get to them.

22 MR. LIMAN: I just want to suggest to you that
23 when -- there is no way that your client is not going to be
24 asked by at least a half a dozen members of the committees
25 that I can think of where this money is and when it was

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1 transferred there. And if he is in a position to answer it,
2 he ought to answer it. If he is not in a position to answer
3 both of those questions now, he ought to get himself in a
4 position to answer.

5 THE WITNESS: Those questions are valid questions.
6 But what I am trying to say that Bill did not take our money
7 necessarily out of Republic National Bank. My best guess is
8 that he took the monies of all of his clients there because
9 Republic National Bank became a target. That is my
10 stimulation.

11 So it so happens that the 6.4 million is very close
12 to the 6.5. I don't find this to be Bill's style. I am saying
13 that that could have belonged to a hundred clients.

14 MR. LIMAN: Why don't we move on. I think you
15 ought to put yourself in a position to answer as soon as
16 possible --

17 MR. JANIS: He can't.

18 MR. LIMAN: He can answer right now. Consult
19 with your lawyer.

20 MR. JANIS: Answer what?

21 MR. LIMAN: When did the money go to the Toronto
22 Dominion?

23 MR. NIELDS: Where has it been since November?
24 Or I take it since November.

25 MR. VAN CLEVE: Mr. Hakim's money.

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1 MR. NIELDS: Where is it -- was the money that CSF
2 was handling on your behalf, the residue, the residual from
3 the Iranian transactions. Where has that money been since
4 November? If it is moved, where has it moved from?

5 MR. JANIS: I think the committee has --

6 MR. LIMAN: The object isn't to play hide and seek.
7 If you have clues and go ahead and let's see how smart
8 you are. Can they find it?

9 THE WITNESS: Mr. Nields, I believe personally
10 I do not have first hand information, but I am using my
11 best judgment to answer your question. I believe since
12 November, it must have taken Bill Zucker a good amount
13 of time to call all the different investments and
14 separate -- segregate them, package them, and bring them
15 back under the -- he could not have called all of the
16 investments -- part of the investments.

17 He had to call all of the investments. If he
18 made a \$10 million call, the example I gave you, he had to
19 call all of that back, and he had to reallocate, to
20 restructure. Any of his investments that he had any of our
21 monies in it, he had to call all those back and redo it.
22 My guess is -- my guess, I have not spoken with Bill. We
23 have not discussed this. My guess is that if he started to
24 do that, he could not have rearranged his structure and
25 protected also his other clients in less than two months.

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1 So I would say that from the time that he felt that
2 there is a danger towards his clientele, not just us, he
3 started to call in all those and start restructuring it and
4 my guess is it would take him a good 60 days to call
5 and reinvest it.

6 So let's go on with this.

7 BY MR. NIELDS:

8 Q I do want to second what Mr. Liman has said.
9 I think it is very much in everyone's interest, including
10 yours, for you to be able to answer that question.

11 A I am leading to that. You said since November.
12 So I want you to know, that probably I would not be able to
13 account for two months of that. Okay. When you say
14 November, you are talking about November 20, 25, so if --
15 let's say by the end of January, Mr. Zucker became
16 able to combine the assets of the enterprise.

17 MR. LIMAN: Mr. Hakim, I know a little about
18 Swiss fiduciaries. If you had gone in to see Mr. Zucker
19 on December 12 and said, "Where is my money invested," he
20 could have told you?

21 THE WITNESS: Oh, yes. We are coming to that.

22 MR. LIMAN: Therefore, I presume that you will be
23 able to tell us and the committees, more importantly, where
24 this money was during the period that Mr. Nields asked you.

25 35 THE WITNESS: Mr. Nields asked me-- I understood

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1 the question to say after November.

2 MR. LIMAN: Authority.

3 THE WITNESS: Okay. I am saying that we can tell
4 you where he had them until November.

5 MR. LIMAN: Okay. That is right. And then --

6 THE WITNESS: Then he started to go through the
7 phase of transferring it. I am saying -- if I understand my
8 attorney, he says we have documents here that show where the
9 monies were when you started to look into them.

10 MR. JANIS. I am not testifying.

11 MR. LIMAN: You can't do it right now.

12 MR. NIELDS: We will move on.

13 BY MR. NIELDS:

14 Q Are you saying you can answer the question now
15 ^{where}
~~where~~ the monies were prior to November?

16 A I believe we can do a reasonably good job of that.

17 MR. LIMAN: You believe your attorney can do a
18 reasonably good job? That is what I understand.

19 BY MR. NIELDS:

20 Q Is that what you are saying? You could not do
21 that now?

22 A No.

23 Q Well, I think that would be a very good idea for
24 you to put yourself in a position to be able to do that
25 maybe by tomorrow afternoon.

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1 MR. JANIS: We will see. We have to talk about
2 it. I am not sure that I can give you the level you want.
3 I am still not sure I understand -- apparently there is some
4 discrepancy between what we have derived from the record
5 and what you have derived from the record.

6 MR. VAN CLEVE: I think, if I understand what
7 John and Arthur are saying, the committee is simply going
8 to want to know the committee was in such and such a bank.
9 If it was invested for a particular purpose, and you know that
10 purpose, then the committees would want to know that
11 purpose also.

12 MR. JANIS: Let's go off the record, John.

13 MR. NIELDS: Okay.

14 (Discussion held off the record.)

15 BY MR. NIELDS:

16 Q Okay. Did you have an account at CSF prior to the
17 time that the Energy Resources account was set up and the
18 Nicaraguan project began?

19 A I believe I already testified that --

20 Q You pulled everything out?

21 A -- during the time I lived and operated in
22 Europe, I had bank accounts, company, home, and also testified
23 that when I relocated myself into the United States, the
24 bank account was left there, but it was not substantial.
25 It was effectively dormant, but a small sum of money, which

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1 I spoke about yesterday.

2 Q Was that an account with CSF?

3 A No. I believe it was UBS.

4 Q So your relationship with CSF had -- was
5 dormant?

6 A Except they were doing my tax and they -- except
7 they were helping me to make the transfer from the --
8 from Geneva to Switzerland, helped me go through the
9 transition period.

10 Q Does anybody else have any questions generally
11 about CSF?

12 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

13 BY MR. SABA:

14 Q Were you the beneficial owner during the period
15 1975 to 1983 of any accounts or companies being operated
16 by CSF or Mr. Zucker?

17 A '75 to --

18 Q Eighty-three. The time when you began the business
19 with STTGI with General Secord.

20 A Oh, prior to beginning of business with General
21 Secord?

22 Q Yes.

23 A Seventy-five to '79 I definitely had active
24 companies.

25 Q These were Swiss companies?

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1 A Swiss, Panamanian.

2 Q Did --

3 A I testified yesterday.

4 Q Did these companies have accounts operated by
5 Mr. Zucker?

6 A Not really. We did that ourselves-- secretaries,
7 accountants, so forth. He was our lawyer. Basically he
8 handled our legal work.

9 Q Did he operate any of the accounts for you
10 during that period?

11 A Not that I remember.

12 Q Did --

13 A To complete the answer to the question that you
14 asked, from 1979 to 1983, I went through the phase of
15 shutting down what I had in Switzerland so I cannot be
16 precise as to the status, the legal status of the companies
17 and accounts that I had there, but we were going through the
18 process of phasing them out.

19 There was no substantial sums of money kept there,
20 if this is what you are looking for.

21 Q Did some of the companies that we are concerned
22 with here that we discussed yesterday, did they have other
23 names prior to assuming the names that we know them now, sir?

24 A No. Are you asking if -- what we used for these
25 two initiatives was something that I had from then and

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1 continued with during the covert activities?

2 Q Well, that could go one. Yes. Why don't we do
3 that question?

4 A No. No. Going back to the statement that I made
5 in connection with one of the questions that Mr. Nields
6 asked me, I said there were times when we were going through
7 a transition period. That period I cannot be precise
8 about. We canceled some companies. I recall as I
9 testified already yesterday, I maintained one of the
10 companies, I believe it was Stanford Technology
11 Corporation Services.

12 So those -- there was a transition period that I
13 cannot be precise, but I can be precise about the fact that
14 they were dormant, no substantial activity was going through
15 them, no monies were there, and none of those companies
16 were carried forward, changed names for the use of the covert
17 activities.

18 Q Could you tell us in a general way how the accounts
19 that we are concerned about were operated? How was money--
20 who would give instruction to transfer money? Was that
21 yourself? How was that money moved?

22 A What part of the transfer? You see, there is
23 transfer between CSF and the banks. See, you must --

24 MR. LIMAN: You looked upon CSF as the master
25 account?

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1 THE WITNESS: CSF was my bank, the way I looked at
2 it.

3 MR. LIMAN: So you gave instructions to CSF.
4 Which bank CSF puts the money in is at CSF's discretion?

5 THE WITNESS: Exactly correct.

6 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

7 BY MR. LIMAN:

8 Q So if you told CSF transfer a million dollars
9 from Lake to X, it is CSF that has to give the instruction
10 to the bank?

11 A That is precisely correct.

12 Q And if you tell CSF we are going to receive X
13 million dollars, CSF decides which bank to put that in?

14 A Or would give us the account.

15 Q Yes, but that is -- it decides whether it goes
16 into Credit Suisse or some other bank account?

17 A You are right, Mr. Liman. You are precisely
18 correct. CSF used the banks that they chose to use and they
19 told us we operated -- for instance, Energy or Lake, we didn't
20 tell them to choose Credit Suisse to open the bank account
21 with. They chose to.

22 MR. NIELDS: Wait a minute. I think something
23 has gotten mixed up here. You went over a chart yesterday
24 of various bank accounts, Lake Resources--

25 THE WITNESS: Companies.

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1 MR. NIELDS: Companies, but they also had bank
2 accounts. You identified them as intake companies?

3 THE WITNESS: Companies. Companies, Mr.
4 Nields.

5 BY MR. LIMAN:

6 Q Let me be sure we have this clear. You were not
7 the signatory of the bank account that Lake had,
8 for example, at Credit Suisse or were you?

9 MR. ^NNIELDS: He was a signatory on some and not
10 others.

11 He was.

12 MR. LIMAN: Some you were?

13 THE WITNESS: The way I interpret all these
14 outstanding questions, let me please make sure that I don't
15 have language problems here.

16 I -- my understanding is that the following
17 questions are to be answered. One, did we-- did I choose
18 banks that the corporations that we established to work
19 with us, or CSF chose those banks for those companies.

20 MR. NIELDS: The answer to that is CSF?

21 THE WITNESS: CSF.

22 MR. NIELDS: The next question is once you have
23 chosen the companies and CSF has chosen the different bank
24 accounts --

25 THE WITNESS: Did I have signature power? --

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1 MR. JANIS: Let him ask the question.

2 MR. NIELDS: Who decided which account a particular
3 deposit would be put into? You are about to get \$15 million
4 from Ghorbanifar. Who decided which account Ghorbanifar
5 would put his money into?

6 THE WITNESS: That would be our decision. I testi-
7 fied that yesterday.

8 MR. NIELDS: I thought you had , but I got mixed
9 up.

10 THE WITNESS: We had three collecting companies.
11 We used one. Once we were finished, we went to the second one
12 But we didn't choose the bank.

13 MR. NIELDS: Which bank CSF got an account for
14 for that company?

15 THE WITNESS: Exactly.

16 BY MR. LIMAN:

17 Q But they gave you the number of the account?

18 A Exactly.

19 Q Therefore when you got \$15 million from Ghorbanifar,
20 you could give them the account number?

21 A Correct.

22 Q On some of these bank accounts you had signature
23 power?

24 A That is correct.

25 Q And on others you didn't have signature power?

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1 A Right.

2 Q For example, you don't appear to have signature
3 power on Energy.

4 A That is correct.

5 Q Even though that was your company and Mr. Secord's
6 company?

7 A Correct.

8 MR. JANIS: I think it is fair --

9 BY MR. LIMAN:

10 Q So how did you decide which ones you got
11 signature power on and which ones you wouldn't?

12 MR. JANIS: Mr. Liman, I also think it is fair to
13 say based upon earlier testimony that some of the accounts
14 he has according to -- that he now has signature authority
15 on, he may not have had such authority until very late in
16 the game.

17 THE WITNESS: I am about to answer that.

18 BY MR. LIMAN:

19 Q Prior to November 1986, did you have signature
20 power on any of these accounts?

21 A I would like to answer your first question,
22 how did you choose to have signature power on one account
23 and not another. I did not wish to have my signature on any
24 account.

25 There came a time, as I testified earlier, that I

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1 was very unhappy with the performance of one particular
2 person in CSF who was basically handling our work. Mr. Farina.
3 At that time I demanded to have signature power because
4 I was the beneficiary of the company, and I had
5 ownership of the company.

6 I said I want to have the signature power.
7 I want to cut Farina out. I am going to start going directly
8 with the banks. I am unhappy. That -- the decision was not
9 based on the operation of each company. The decision was
10 based on the efficiency of the system.

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BY MR. LIMAN:

2 Q What was that? I wasn't here yesterday. When was
3 it you asked for the signature power?

4 A I really did not feel that we had an on-going
5 activity until the second channel started. Until the second
6 channel started, I was not quite sure how long the relationship
7 would last and when we would fold our tents and go. And I
8 believe, if I am not wrong; I put my signature on those
9 accounts at that time.

10 Q September, October 1986?

11 A Something like that.

12 Q And before that---

13 MR. NIELDS: He said summer yesterday, I think.

14 THE WITNESS: And before that, I did not have any
15 signature power.

16 MR. JANIS: May I ask a question?

17 Do the records we produced have the new and old
18 signatures?

19 MR. SABA: It is impossible to state.

20 MR. NIELDS: I may have an answer.

21 MR. JANIS: My recollection is the records produced
22 a number of these bank accounts. There were more than one
23 set of signature cards. You should be able to tell from
24 the records when they were changed.

25 MR. NIELDS: Here are two signature cards. This

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1 one has Hakim and Zucker. Here is another one. And here
2 is the 19th of July. It does not have Hakim. May 20. He
3 changed late from an account that did not have, he was not a
4 signatory on which Bastion, Farina to one which has Hakim,
5 Farina and Zucker.

6 MR. JANIS: I think the records will answer these
7 questions.

8 MR. NIELDS: Let's take just a poke at some other
9 accounts.

10 MR. SABA: The change was subsequent to ~~what~~ was
11 provided to us. You are not aware of any further changes in
12 the signatuory?

13 MR. JANIS: No.

14 MR. LIMAN: He is on ToyCo and Udall---

15 THE WITNESS: I should be on Hyde Park.

16 MR. LIMAN: Hyde Park is not on according to our
17 records, but that doesn't mean---

18 THE WITNESS: I definitely am on Hyde Park.

19 MR. SABA: He is on Hyde Park, but not on Barclay
20 Bank.

21 MR. LIMAN: Why don't we move on?

22 MR. JANIS: The record should reflect that.

23 MR. SABA: Whether or not you were signatory, it
24 was understood you had authority to move from whoever was
25 the signatory?

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THE WITNESS: If I went to the bank.

MR. NIELDS: He means if you had the power to
instruct CSF to move the money?

MR. SABA: Did anyone else have that power?

THE WITNESS: I have also testified to that, that
eventually Mr. Secord got to the point he could do that if
he wanted to, but he tried not to get involved as much as
possible. We went through all that yesterday. I testified
to this repeatedly.

BY MR. LIMAN:

Q He worked for you?

A He worked for me, yes.

MR. NIELDS: I would like to mark as Exhibit 1,
a copy of a document marked as Exhibit 1.

MR. JANIS: Let's go off the record.

(Discussion off the record.)

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1 (Back on the record.)

2 BY MR. LIMAN:

3 Q Mr. Hakim, you testified that you did not
4 see deposition Exhibit 1 until it was roughly produced
5 to us; right?

6 MR. JANIS: No, I think he said until yesterday.

7 THE WITNESS: Until yesterday.

8 BY MR. LIMAN:

9 Q Did you ever see any other record that was kept
10 of the capital accounts of the partners of these entities?

11 A At any time?

12 Q Yes, sir.

13 A In the same manner that I already testified to you
14 when we went for check up now and then, and the computer
15 read-outs were given, unless I testified earlier. Those are
16 the documents that I saw in the past.

17 Q And you say records therefore that allocated
18 capital to particular partners?

19 A To particular capital accounts?

20 Q Yes. And do they use the same names, for example,
21 Korel Assets, CTTEA?

22 A I never monitored that account.

23 Q And your own capital account was there?

24 A Yes.

25 Q Do you know what happened to those letters?

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1 A You are talking about the computer printouts?

2 Q Yes. The ones that you saw that show the capital
3 at the time you and you said General Secord visited Geneva
4 because of the accounting foul-ups?

5 A My best guess is they are CSF. I have no idea.

6 Q Can we get those records? Have you asked for
7 those records?

8 MR. JANIS: I don't think I made a specific
9 request for those records; no.

10 MR. LIMAN: If there is any one thing clearly
11 called for originally was the contemporaneous records and
12 they should be produced.

13 MR. WECHSLER: This indicates January 1, 1984,
14 through -- what is this?

15 MR. LIMAN: This is a record recently produced
16 where you say the allocations are wrong. The other records
17 may be screwed up too, but we would like to see them.

18 MR. JANIS: Let me just make this clear. It
19 seems to me from the record that has been produced, you should
20 be able to pick any date and time and figure out---

21 MR. LIMAN: That may be, but we are entitled to
22 see the records that they kept contemporaneously.

23 MR. JANIS: Arthur, you are entitled to whatever
24 you can get, and God bless you. I just want you to understand
25 this was not a situation in which we intentionally tried to
withhold some of our records. If that is the implication.

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1 MR. NIELDS: The way I see it is this. We understood
2 notwithstanding the fact this document covered the entire period
3 and therefore had to be created at the end of the period,
4 that it reproduced faithfully everything that had -- the interim
5 reports that had been prepared earlier.

6 The problem is when we asked him about it, he said
7 he didn't know anything about this document, and had never seen
8 it before and therefore couldn't answer about it. Then in
9 answer to Mr. Liman's question, he said he had seen earlier
10 reports.

11 If his failure to see the document is the reason
12 he can't tell us about it, we would like the reports he has
13 seen.

14 MR. LIMAN: We would like them anyway.

15 MR. WECHSLER: We will see what we can do.

16 MR. NIELDS: There are questions raised about
17 whether this faithfully reports---

18 MR. WECHSLER: Whether or not they have the other
19 ones, we will ask them.

20 MR. LIMAN: Do I understand from your earlier
21 testimony while John was out of the room, I want to make sure
22 he hears it, that while you and General Secord inspected the
23 records there you didn't take copies with you at the time?

24 THE WITNESS: That is correct.

25 MR. JANIS: One other point so we can make this

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1 clear on the record. When we went to what I believe was
2 considerable difficulty to try to piece this puzzle
3 together, and when -- even before we produced the records, we
4 told you that we indicated that notwithstanding our efforts.
5 there might be further requests you make, and to the extent
6 we could, we would try to comply with those requests.

7 MR. LIMAN: Mr. Zucker, as your client has testified,
8 is not only a friend, but is honorable and I am certain
9 if Mr. Hakim asks him for the records of his accounts
10 that existed contemporaneously, that Mr. Zucker will provide
11 them to your client?

12 MR. VAN CLEVE: I think as his trustee, he probably
13 would have no choice but to provide the records to his
14 beneficiary.

15 MR. JANIS: When we know what additional records
16 are required, we will go back and request them.

17 MR. LIMAN: Let's go on to another subject.

18 MR. NIELDS: I would like to, before we leave
19 this document, I think this was done off the record --
20 has it been marked Exhibit 1?

21 THE REPORTER: Yes.

22 BY MR. NIELDS:

23 Q I have given Mr. Hakim's counsel a copy of Exhibit
24 1. I would request, between the time we recess today and
25 reconvene tomorrow, you look through the entries on that document

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1 and try to, to the best of your knowledge and memory, put
2 yourself in a position to identify which entries relate to
3 profit distributions, which relate to expenses that should
4 not have been put in the capital accounts---

5 A Excuse me just one moment.

6 Q Let me finish the question -- and which relate
7 to neither an expense or profit distribution but falls
8 in some other category. Is my question clear?

9 MR. JANIS: In other words, it is sort of like
10 who knew what and when?

11 MR. VAN CLEVE: I haven't had a chance to look
12 at this. I notice at the top of each page of this
13 material, it says, document number contra. Is that the
14 intended to mean -- there are no references to Iran anywhere
15 in here, and I just wonder in terms of the comprehensiveness
16 of this document, does that mean all these transactions
17 relate only to the contras?

18 MR. JANIS: Number one, I didn't create the
19 document. Number two, I think your own accountants would be
20 able to tell you.

21 MR. LIMAN: Contra means offsetting?

22 MR. VAN CLEVE: It is not a simple label.

23 MR. NIELDS: There are plenty of puns in this case
24 and I think we have just found another one.

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1 BY MR. NIELDS:

2 Q I would like to move now on to the subject of the
3 two different projects that you were working on. I think
4 we can cover anything briefly. Some of these questions
5 were already asked.

6 I take it you were aware -- you have already
7 testified about the arms sales and the arrangement with
8 respect to the arms sales, but I take it you were aware there
9 was a resupply operation?

10 A You are talking about the contras now?

11 Q Yes.

12 A Yes.

13 Q The answer is yes, you were aware of that?

14 A Yes.

15 Q And the enterprise, so to speak, purchased various
16 aspects in order to run the resupply operation including
17 planes and air strips?

18 A Yes.

19 Q Was it your understanding that those assets were
20 committed to the purpose of assisting the contras?

21 A Yes.

22 Q Did there come a time when there was an issue
23 about whether those assets should be transferred in some
24 fashion to an agency of the U.S. Government?

25 A Yes.

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1 Q Was that issue discussed with you?

2 A No.

3 Q Well, how did you learn about it?

4 A My understanding, discussed with me, is that
5 I participated in a decision-making discussion.

6 Q There was a decision-making discussion you partici-
7 pated in?

8 A Or planning, decision -- I did not participate
9 in such a meeting, but I---

10 MR. LIMAN: I don't understand that.

11 MR. NIELDS: Well, I understand it. He is saying
12 he did not participate in the discussion with the U.S.
13 Government.

14 MR. JANIS: He is saying if I understand him
15 at this point, that he didn't participate in any discussions
16 in which a decision was made, and that is what he thought you
17 meant.

18 THE WITNESS: I am saying there were operational
19 people, Dutton and Secord basically, it was their decision,
20 it was not financial, it was either between this political
21 circle or the operational circle; I had nothing to do with
22 it.

23 BY MR. NIELDS:

24 Q But somebody talked to you about it, either
25 Dutton or Secord?

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1 A They did not talk to me about it. I happened
2 to be in Stanford Technology Corporation when they were
3 discussing this. When Secord commissioned Dutton to go
4 look into this and prepare a report, I was aware as part of the
5 discussions -- it was not that we had staff meetings, we
6 sat down and reported.

7 Q What was your understanding of what was going to
8 be done with these assets?

9 MR. VAN CLEVE: Can we back up a second.

10 Was any of your money tied up in these assets,
11 any money that you thought personally belonged to you?

12 THE WITNESS: I don't think so.

13 MR. LIMAN: Is what you are saying, you overheard
14 discussions between Dutton and Secord?

15 THE WITNESS: Yes.

16 MR. LIMAN: And you heard, among other things,
17 they were preparing this---

18 THE WITNESS: Reorganizing^{ON}.

19 MR. LIMAN: ---reorganization plan?

20 THE WITNESS: Yes.

21 BY MR. LIMAN:

22 Q Did you overhear discussions whether these assets
23 should be sold or given to the CIA?

24 A Yes.

25 Q Tell us what you overheard and who was speaking?

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1 A Basically, at different times I overheard discussion
2 between Dutton, Secord and some telephone conversations,
3 and sometimes Dutton addressing me about what he was
4 preparing, and I would very respectfully listen to the part
5 of the discussion I could not escape from, and move out.

6 Q What was said?

7 A What was said; that it was a big mess, it took
8 a long time to put these things together, finally we have
9 organized it, finally we know what we got, and they --
10 I think they provided a copy of a report or a plan, a write-up
11 to, Oliver North.

12 I also think that when this was happening, Richard
13 was in and out of the United States. I recall phone calls
14 to Richard about how to deal with certain issues.

15 Q What issues?

16 A That they had on hand. Reorganization and pre-
17 paring the report.

18 Q What about disposition of the assets?

19 A Everything was, to the best of my recollection,
20 left to the time that Richard could come and sit down and
21 talk to Bob Dutton, and I believe the meeting took place,
22 I was not present, I overheard about the possibility of
23 giving the assets to the CIA. I heard about the possibility
24 of selling it to the CIA.

25 I heard at different times that the CIA didn't
want anything to do with this, saying that this is tainted,

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1 they didn't want to inherit something that had holes in it
2 or that was exposed.

3 MR. VAN CLEVE: Who would have gotten the money
4 if the assets were sold to the CIA?

5 THE WITNESS: I have no idea.

6 BY MR. NIELDS:

7 Q This would have been an issue that would make a
8 financial difference to the enterprise, I take it. If you
9 give it away, the enterprise gets no money. If you sell
10 it the enterprise does get money.

11 A Your assumption is correct.

12 Q Now, did anyone discuss with you this question of
13 whether you are going to dispose of these assets without
14 any money coming in, or not?

15 A Asking my opinion about this? No, no one did.
16 I classified that as a political decision, not a commercial
17 decision.

18 MR. LIMAN: Wait.

19 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

20 BY MR. LIMAN:

21 Q From a political point of view the correct decision
22 would be to give it away; right?

23 A That is correct.

24 Q But you knew there was discussion about whether
25 to sell it?

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1 A There were ideas underscored whether they
2 should sell it or not.

3 Q If you are going to sell it, you are going to --
4 someone will get money for selling it?

5 A If they sold it, yes.

6 Q Who would benefit from selling it?

7 A You are asking for my opinion, or what I heard?

8 Q What did you hear?

9 A I didn't hear anything about who would be getting
10 the money.

11 Q Did you hear any argument as to why this should
12 be sold rather than given away?

13 A I recall a discussion that, I believe, it was
14 held in the office of STTGI prior to Bob Dutton going to a
15 meeting, I don't know what meeting, and Richard apparently
16 was not going to go to that meeting, and I recall a statement
17 to the effect, get rid of the damn thing and move on with
18 our lives, just give it to them, let's get on with our lives.

19 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

20 BY MR. NIELDS:

21 Q That makes it sound as though there were an
22 earlier discussion in which there was a dispute.

23 A I wouldn't call it dispute. There were different
24 options.

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1 Q Someone was arguing for one option and someone
2 else was arguing for another option?

3 A I believe so.

4 Q Who was arguing for which option?

5 A I cannot swear to this, I can not be certain
6 about this, but I believe Dutton was interested in
7 selling this to the government.

8 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

9 BY MR. LIMAN:

10 Q Would you not agree with me that once you tell
11 the recipient that you will give it to him, it is hard to
12 tell the recipient you will sell it to him; right?

13 A But my understanding was that the recipient did
14 not want to get it in any way or form.

15 Q But would I be correct in my assumption that the
16 first idea was to try to sell it to the CIA, then when the
17 CIA indicated no interest the idea became, let's try to give
18 it to them, and then the CIA said it didn't want it? Is that
19 the way it evolved?

20 A Mr. Liman, you are getting me involved in this
21 deeper than I was by asking me these questions.

22 Q I don't care whether you were deep or shallow, did
23 you know?

24 MR. JANIS: Let him answer the question.

25 THE WITNESS: I cannot say Mr. Dutton attended the

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1 meeting to negotiate with the CIA. He could very well have,
2 to discuss this with North, to sort this thing out and get
3 his opinion.

4 MR. LIMAN: I asked you about the sequence of the
5 ideas. Was the first idea or concept to try to sell,
6 and then the next one to try to give it away?

7 THE WITNESS: I don't know that, sir.

8 BY MR. LIMAN:

9 Q You just know that both of these things were
10 floating up in the air?

11 A Exactly.

12 Q And in the end, because the CIA considered these
13 to be tainted---

14 A They did not want to have anything to do with it.

15 Q Was there any discussion about giving the CIA the
16 munitions?

17 A I don't recall any meetings, discussion or anything
18 that I overheard that particularly directed its attention to
19 that particular subject.

20 Q Who made the decision to sell the munitions to
21 the CIA?

22 A I said I don't recall having heard anything in
23 connection with sales or giving away the munitions to the
24 CIA.

25 Q If you didn't make the decision, then does that

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1 necessarily mean that it had to be Mr. Secord who made
2 the decision?

3 MR. JANIS: Excuse me.

4 MR. LIMAN: I am talking about the million two --
5 what you called the advanced shipment.

6 THE WITNESS: I am sorry.

7 BY MR. LIMAN:

8 Q Who make the decision?

9 A I am in a totally different world.

10 Q Let's talk about the advanced shipment. Who made
11 the decision to sell that as opposed to giving it to the
12 CIA?

13 A I don't know. If I have to deduct I would say
14 General Secord.

15 Q You didn't make the decision?

16 A No, I did not.

17 Q Is it fair to say there is only one other person
18 who could have made that decision and that would have been
19 him, if you didn't, sir?

20 A If I could say that all the players were limited
21 to the people that I came in contact with, then that assumption
22 is correct. I don't know.

23 Q Would Clines have been able to make that decision
24 without General Secord's concurrence or your concurrence?

25 A I would say that Tom Clines would definitely --

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1 was definitely in a position to influence the decision.

2 Q But who would have to make the decision?

3 A I would say General Secord had to make the decision.

4 What I am trying to say, Mr. Liman, I don't know if it

5 was Mr. Secord who made the decision or North. I really

6 don't know. Because I would classify that as -- I classified

7 it, I was not present in the meetings. I classified that as

8 a political decision. It was very possible that North

9 made that decision.

10 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

11 BY MR. NIELDS:

12 Q As a businessman, did you understand that you had
13 a personal financial interest in the assets of this resupply
14 operation?

15 A It didn't occur to me. I didn't look at it that
16 way. I never in my mind psychologically prepared myself
17 there would be a transaction.

18 To me it was written off. Anything that went to
19 anything in my mind as a businessman, I wrote it off. I
20 did not ever at any time took the attitude that anything
21 that was invested -- I am talking business language -- in
22 Nicaragua could have a return.

23 BY MR. NIELDS:

24 Q How about Iran?

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1 A Could you be more specific about your question?

2 Q How did you regard the difference between the
3 purchase price on the Iranian initiative?

4 A How did I---

5 MR. LIMAN: Did you have an interest in that?

6 THE WITNESS: Of course I had an interest in that.

7 BY MR. NIELDS:

8 Q What was the nature of your interest?

9 A In the difference? You are talking about
10 what period in this Iranian initiative?

11 MR. LIMAN: Before the second channel.

12 THE WITNESS: Before the second channel, the
13 focus---

14 MR. LIMAN: The question is: What was your
15 economic interest in the difference between the cost of these
16 weapons and what you got from selling them?

17 THE WITNESS: My attitude was that I did not
18 want to kill the rooster with golden eggs. I did not
19 want to---

20 MR. NIELDS: I understand what he is saying.

21 THE WITNESS: I wanted to see primarily -- and I
22 will set aside any emotional, untangible feelings about this,
23 I will not discuss it, I will go straight to the tangible,
24 monetary interests of this. That we can discuss over a drink.
25 But this particular one, I had focused for a number of years,

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1 even prior to the events, to find a way into Iran.

2 Iran has always been, still is a very lucrative
3 market for me. I intended to make big money out of that market.
4 I still do, and I am continuing with my efforts. And, by the
5 way, I should tell you, unlike what has been reported in
6 the newspapers that have been disappearing for unlawful
7 reasons, I was for five straight months trying to reconnect
8 the business structure that I had lost and was destroyed
9 in Iran by the Iranians, and thank God I had a lot of success.

10 So for a long time my focus on Iran was there is
11 a \$15 billion a year market. Sooner or later I get a chance,
12 and I should get a chance to get a stab at it. So
13 when this first channel was started, I did not focus at the
14 beginning on the profits or mark up in the same manner
15 that we are looking at contras.

16 I am not saying that I ever let the possibility
17 of making such money out of my mind. If an opportunity
18 would have arrived that I could have done that, I would have
19 done it. I will never apologize for wanting to make money,
20 that is what I am trying to say.

21 But my main focus was to make sure that a
22 relationship between Iran and the United States is established
23 and I knew once that was one I can make a bundle.

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1 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

2 BY MR. LIMAN:

3 Q In the first transaction, which was a thousand
4 TOWs, you got \$10 million from Ghorbanifar, you paid 3-5
5 to the United States Government, you had some expenses on top
6 of it, so it brought it up to probably somewhere around
7 4. There was \$6 million there. Whose money was that?

8 A The enterprise. At no time there was a question
9 we were going to split the profits.

10 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

11 BY MR. NIELDS:

12 Q I want to make this clear. I take it the
13 enterprise also owned the assets of the resupply operation,
14 the airplanes down in Nicaragua?

15 A At that time if we still had it?

16 Q Yes, you did.

17 A Okay.

18 Q The enterprise also owned the \$6 million profit
19 from Iranian arms sales?

20 A You refer to it as profit. It is gross income.

21 Q It is \$6 million money?

22 A Okay, fine.

23 Q Now, you have said that you did not regard yourself
24 as having any personal interest in the assets of the resupply
25 operation in Nicaragua. Did you regard yourself as having

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1 any personal financial interest in that \$6 million?

2 A Having financial interest meaning that I expected
3 to have part of that?

4 Q For yourself?

5 A No.

end jm

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1 BY MR. LIMAN:

2 Q If the United States Government decided at that
3 moment in time there would be no further transactions --

4 A What would be my position.

5 Q Wait a minute. No further transactions with
6 Iran and you were sitting there with roughly \$6 million
7 in gross income or gross profit, what was your position
8 as to whether you could use that money for whatever
9 purpose you wanted?

10 MR. JANIS: What would have been his position.

11 MR. LIMAN: Well, at the moment you only have
12 one transaction.

13 MR. JANIS: You are asking what his position
14 would be --

15 MR. LIMAN: At that moment.

16 THE WITNESS: You are saying if the U.S.
17 Government decided to stop, what my position would have
18 been.

19 MR. LIMAN: They were considering stopping.

20 THE WITNESS: I'm glad you asked the question
21 in the way that you asked it because it makes it easy
22 for me to answer that question.

23 If the United States would have made that
24 decision, I guarantee you I would have put up a big
25 fight to get as much as I could from that money before

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1 letting it go.

2 BY MR. LIMAN:

3 Q Let me follow that up. Who would you have had
4 to fight with?

5 A I would have had to fight with Secord and on
6 up.

7 Q Who is up?

8 A North.

9 Q And what did you understand their position was?

10 A It never occurred to me.

11 MR. NIELDS: The question I want to ask --

12 THE WITNESS: We were not of that frame of
13 mind. You asked me what I would have done, and I
14 truthfully told you that I was financially motivated.
15 If in the middle of my getting involved, forgive me for
16 being so pregnant with the U.S. Government, I was not
17 going to let the U.S. Government go in there before they
18 paid for my efforts. I had a lot at risk and supposed,
19 and I told you over and over that I don't work for
20 medals. Medals are for generals.

21 MR. LIMAN: You told that to North?

22 THE WITNESS: I told that to everybody and
23 I used that repeatedly.

24 BY MR. NIELDS:

25 Q Whose decision would it have been?

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1 A To do what? It would have been a battle. I
2 would have to see if Secord is going to be on my side
3 or sitting across the table from me.

4 MR. LIMAN: It would have been some battle.

5 THE WITNESS: You bet your life.

6 MR. LIMAN: If you didn't survive it, then
7 under your will he controlled it.

8 THE WITNESS: I don't believe there was a
9 will then. I don't believe there was a will then.

10 Mr. Liman, until things become serious, and
11 I told you I consider things become serious when the
12 second channel started, I really did not make an attempt
13 to organize things.

14 BY MR. LIMAN:

15 Q Six million dollars is serious money even for
16 you.

17 A For anybody. I told you if they would have
18 stopped that operation, I ^{would} have made every effort that I
19 could, even taking it to court, to take as much money
20 from that money as I could.

21 Q Did you have any agreement with either North
22 or Secord as to how that money would be used?

23 A No, none whatsoever.

24 BY MR. NIELDS:

25 O Had it ever been discussed between you and

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1 Secord or you and North?

2 A What? How this thing would be used?

3 MR. VAN CLEVE: The \$6 million.

4 THE WITNESS: It was never -- we were not in
5 that frame of mind. We were not in that frame of mind.

6 BY MR. NIELDS:

7 Q Who in fact was deciding how that money would
8 be used? I'm not asking you an "if" question now; I'm
9 asking you a real question.

10 Who decided how that money was used?

11 A There was no question in my mind that the
12 engine, the heart of the operation was Secord. No
13 question in my mind that he would have been an influential
14 person making that decision, if not the person.

15 Q I'm not asking an "if" question. The money was
16 actually spent, some of it, the \$6 million. It's not all
17 remaining. It was spent for various things. It was
18 spent for expenses on Iran. It was spent for the
19 contras.

20 A I understand what you are saying. Secord.

21 Q It was spent on radios --

22 A I understand your question now. Secord.

23 Q How do you know that?

24 A He was the one who told me what to do with it.

25 Q Do you know if he was responding to what North

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1 told him?

2 A I'm sure that he was communicating with North.

3 BY MR. LIMAN:

4 Q Did you consider yourself really Secord's
5 nominee with respect to this money?

6 A You are talking about the \$6 million?

7 Q Yes. The gross profits, the gross income on
8 these Iranian transactions.

9 A Did you want me to answer this question as a
10 businessman?

11 Q As a businessman.

12 A As a businessman -- would you be patient with
13 me to finish the way I will give you the story or you
14 are going to interrupt me with legal questions?

15 Q I'm going to listen to you if you're responsive.

16 A Mr. Liman, I have every, every intention, so
17 God help me, to help this committee. I consider myself
18 a member of a team trying to end with this episode so we
19 can get on with our life. I want to go out there and
20 get money. I want to attack that \$15 billion market.
21 I have not given up. So I will do everything I can to
22 bring this thing to an end as quickly as possible.

23 To me it was a start-up business. We started
24 up the business to attack the Iranian market, and I'm
25 not talking about the political or military aspect of it.

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1 You are asking me my frame of mind. And I told
2 you earlier that I would not in any way kill the --

3 MR. NIELDS: The goose that laid the golden
4 egg.

5 THE WITNESS: Thank you.

6 So when you asked me the question, okay,
7 Albert, stop, look at this, there's \$6 million sitting
8 here; what are you going to do with it? That's not my
9 way of thinking. My way of thinking is, we have this
10 asset, there is a \$15 billion market there, if I can get
11 2 percent of that per year, that's \$300 million a year.
12 If I can net out of that 3 percent, I will be making a
13 bundle. That is the way I would be thinking, Mr. Liman.

14 BY MR. LIMAN:

15 Q Do you want to answer the question? As I
16 understand, that is the way you as a businessman would
17 think. But with respect to the \$6 million and the other
18 mark-up and Hawk parts transactions, did you consider
19 yourself to be General Secord's nominee?

20 MR. JANIS: Do you understand the word
21 "nominee"?

22 MR. LIMAN: Agent.

23 THE WITNESS: I understand the meaning of
24 that. The problem I have is I cannot answer the question
25 because such a thing never was discussed and never

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1 occurred.

2 BY MR. LIMAN:

3 Q Did you follow General Secord's instructions
4 on how to disburse the mark-up?

5 A Yes, sir. The answer to that question is yes.

6 Q And Mr. Nields mentioned to you some of the
7 things you spent it on; whether it was a ship or on
8 Motorola radios, some of the money was also invested for
9 the benefit of you and General Secord. Isn't that
10 correct?

11 A Today you can reach to that conclusion. Today
12 you can reach to that conclusion. Because the project
13 is aborted, because there is no longer corporate activity,
14 because there is no longer a commander in charge of this
15 covert activity. Yes. The answer is yes. Then it was an
16 ongoing operation.

17 Q But the ongoing operation --

18 A Needed to stay alive.

19 Q The ongoing operation did not include buying
20 a machine gun company, did it?

21 A The ongoing company did not include -- why
22 not?

23 Q Well, is that the way that you envisioned it,
24 that you were buying the machine gun company for the
25 enterprise?

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1 A No. We were buying it for our own benefit,
2 but I don't see the relationship between the two.

3 Q Didn't you disburse --

4 A I have difficulty relating the two.

5 Q Didn't you disburse profits, money -- let me
6 put it that way -- change the question. Did you not
7 disburse money that was generated by the Iranian arms
8 sales to invest in the machine gun company with General
9 Secord?

10 A I did not classify it or distinguish it as
11 such. I thought I was reaching out for the profits
12 that we had generated from the sales of arms to Nicaraguans.
13 If we dipped into the Iranian money, it was an overdraw;
14 it was a mistake, it should not have happened. I have to
15 consult the records to answer your question. I don't --
16 I had definitely no intent of reaching into the \$6 million
17 pot and making an investment for submachine guns.

18 Q The \$6 million pot is the residual after all
19 of these other expenditures, isn't it?

20 A What other expenditures? You mean for the --

21 Q Whatever else you spent it for. The \$6 million
22 pot is what is left after you buy a ship, after you send
23 money down for the air resupply operation?

24 A Did we buy the ship at the time we received
25 the \$6 million?

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1 Q The \$6 million is -- we're talking about two
2 different 6 million. The 6 million I was talking about
3 is what is left, and you are talking about the 6 million
4 of the original profit?

5 A Yes.

6 Q The 6 million -- the ship you bought I believe
7 after the TOW transaction and just before the money was
8 received on the --

9 MR. NIELDS: Hawk parts.

10 THE WITNESS: Mr. Liman, let me tell you what
11 my frame of mind is. I'm still answering or thinking that
12 I am answering the questions related to the first --

13 MR. LIMAN: Six million?

14 THE WITNESS: The first 6 million.

15 BY MR. LIMAN:

16 Q Let me then go back.

17 A Okay.

18 Q There was a gross profit that was made on
19 that first 1000 TOW transaction --

20 A Through Ghorbanifar.

21 Q Through Ghorbanifar. Correct?

22 A I take your word for that. I do not know.

23 Q Did you not know at the time there was a
24 mark-up?

25 A How I knew what the mark-up -- there was a

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1 mark-up, but I did not know what the mark-up was. I
2 did not know what the cost was.

3 Q I thought that you testified that you and
4 General Secord would visit from time to time to talk to
5 Zucker and to look at the bottom line.

6 A Yes.

7 Q And did you not learn after the 1000 TOW
8 transaction that there was a --

9 A Leftover.

10 Q -- gross profit or leftover of somewhere in the
11 neighborhood of \$6 million?

12 A The answer to that question is yes. But
13 mark-up, knowing what the mark-up is, I don't know what
14 the mark-up is.

15 Q So you knew that you had --

16 A A leftover.

17 Q -- a surplus from that?

18 A Oh, yes.

19 Q And then when the Hawk part transaction
20 occurred in May, you knew there was a surplus there
21 too?

22 A I learned that too, yes.

23 Q Now, you disbursed the surplus from these two
24 transactions in various ways, correct?

25 A That is what the records show, yes.

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1 Q And those disbursements, as I understand it,
2 were at the instruction of General Secord?

3 A Effectively, yes.

4 Q And among the things that you bought were a
5 ship?

6 A Yes, sir.

7 Q Some planes.

8 A Yes, sir.

9 Q You sent some money down for the airlift
10 operation?

11 A Yes, sir.

12 Q You bought some munitions?

13 A Yes, sir.

14 Q And you also used money for some investments,
15 correct?

16 A Out of the total moneys that were left over
17 there, including the profits that we had accumulated from
18 the sales to the contras.

19 Q Is it your testimony that you believed that all
20 of the money that you disbursed for your benefit, Mr.
21 Secord's benefit and Mr. Clines' benefit came from the
22 profits on the sales of arms to the contras and none of it
23 came from the sales of weapons to Iran?

24 A First of all, I would like to get Mr. Clines
25 out of this. I had nothing to do with his profit sharing,

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1 and he was not part of the group.

2 To answer your question, I never stopped to
3 make the differentiation whether this was the case or
4 not. The business opportunity came about. We had money.
5 I reached in there, paid for it and never made an accounting
6 for that. It's very possible that some of the money from
7 the Iranian sales was used for that purpose.

8 Q Did you feel that you and General Secord were
9 free to use the money that was generated by the Iranian
10 arms sales for your own business purposes?

11 A To a certain extent, yes, I did. To the extent
12 that I thought that sooner or later I would be entitled
13 to some income from my efforts for this covert activity,
14 I thought we were free to do what we wanted. But I never
15 felt free to completely use all the money, and I'm
16 talking about that period of time.

17 Q You couldn't use all of the money.

18 A I did not feel free. Technically, I could.
19 I'm saying, you asked me a question, if I felt free.
20 You are talking about my conscience, my frame of mind
21 when you say free.

22 Q Did you understand that if you took the position
23 that you were going to use all of the money for profit-
24 making ventures of yours and General Secord that Oliver
25 North might stop using you as the intermediary?

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1 A He didn't have to stop using us as the inter-
2 mediary. That would be automatically stopped. If he did
3 that, that was it. The operation would not have continued.

4 Q Why?

5 A We had no money to operate from.

6 MR. NIELDS: You had no money when you started,
7 did you?

8 MR. JANIS: It's hard enough to answer one
9 question. This is a tag-team battle here. Give the guy
10 a break.

11 MR. NIELDS: I'm going to ask the next question
12 anyway just for fun.

13 EXAMINATION BY THE HOUSE

14 SELECT COMMITTEE

15 BY MR. NIELDS:

16 Q In each transaction the purchase price was paid
17 into your bank accounts before the U.S. Government was
18 willing to ship the arms. So each transaction could be
19 completely funded out of the purchase price that was
20 received for that transaction. Isn't that true?

21 A That is true. And the U.S. Government never
22 shipped before you got paid.

23 Q Then why would you need any residue in those
24 bank accounts in order to do the next transaction?

25 MR. JANIS: Just a minute.

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MR. LIMAN: Off the record now.

(Whereupon, at 6:00 p.m., the deposition
adjourned, to reconvene at 1:00 p.m., on Sunday,
May 24, 1987.)

end emm
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of the

U.S. HOUSE OF REPRESENTATIVES



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DEPOSITION OF ALBERT HAKIM

Sunday, May 24, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 1:20 p.m.,
in Room H-139, the Capitol, with John Nields presiding.

On behalf of the House Select Committee: John Nields,
George Van Cleve, John Fletcher, Joseph Saba, Robert Brink
Ronald Points, Nicholas Wise.

On behalf of the Senate Select Committee: Arthur Liman,
Cameron H. Holmes, Timothy Woodcock, Louis Zanardi, David
Faulkner, ~~Nicholas Wise~~, Paul Barbadoro, John Monsky.

On behalf of the Witness: N. Richard Janis, Lawrence
H. Wechsler, and Clement R. Gagne, III; Janis, Schuelke &
Wechsler, 1728 Massachusetts Avenue, N.W., Washington, D.C.

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1 MR. NIELDS: Let's go back on the record.

2 Mr. Janis has something that he wants to say as we
3 begin.

4 MR. JANIS: Just to amplify the record, I spoke
5 to Mr. Liman and Mr. Nields just before he resumed today just
6 to alert them again that with respect to the stranded shipment,
7 I think that it would probably be prudent since to some extent
8 Mr. Hakim was speculating about the numbers, it would probably
9 be prudent to try to relate the total amount paid -- let me
10 try to put this another way.

11 We had assumed that the totality of the last shipment
12 was represented by the \$1.7 million paid to Defex in July.
13 I reviewed the records again last night and I noted that
14 there were payments in late May to Defex totalling something
15 like \$800,000 or in that ball park, and I had assumed and it
16 may be a correct assumption, that those payments had nothing
17 whatever to do with the stranded shipment in which case the
18 speculation would seem to be correct that Mr. Hakim made
19 yesterday.

20 But I think before any final conclusion is reached,
21 you all, with the statements you have, or somebody, should try
22 to go back and determine whether the payments made in May
23 1986 to Defex did or did not relate to that last stranded
24 shipment.

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25 I think that would be useful for everybody's purpose.

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1 MR. NIELDS: That is fine. We appreciate the
2 statement.

3 I guess I should probably just add for the record
4 that we have seen those same payments to Defex and we would
5 note that there were other 30-30-30-10 distributions to the
6 partners following those May payments to Defex.

7 MR. JANIS: And we figured the record would be made.
8 The truth will be the truth and whatever comes out comes out.
9 I just wanted to be sure that was pointed out.

10 MR. NIELDS: Okay. Good afternoon, Mr. Hakim.
11 Whereupon,

12 ALBERT HAKIM

13 having been previously duly sworn, was recalled as a witness
14 herein, and was further examined and testified as follows:

15 THE WITNESS: Good afternoon, Mr. Nields.

16 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

17 BY MR. NIELDS:

18 Q We are continuing, of course, the deposition that
19 began on Friday and continued over to yesterday. As we
20 broke yesterday, we were on the subject of what your understandi
21 was with respect to the profit or surplus left over from the
22 sales of arms to Iran. Just to sharpen my question --
23 because we very much want your help on this issue and it is a
24 very important issue to the committee -- the United States
25 Government chose to use a commercial cut-out in connection

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1 with these sales to Iran and I take it that was your
2 enterprise, yours and Mr. Secord's enterprise?

3 A That was the terminology that Mr. Secord used.

4 Q Right. And the United States Government chose in
5 that connection to sell the arms at \$25 million, that would
6 be the first TOW shipment of a thousand TOWs and the Hawk
7 spare parts that were shipped in May, and it was done in
8 such a way that the United States Government accounts
9 received eight million of that 25, and the commercial cut-out
10 received 17 million.

11 Of course, there were certain expenses to be paid
12 out of the 17 million and they were paid out of it according
13 to Mr. Secord's testimony and the question which interests
14 the committee and it is a very important one and anything
15 you can do to help us with this would be very much
16 appreciated is, why did the Government choose to structure
17 the transaction in such a way that there was a many million
18 dollar surplus left in the enterprise account?

19 MR. JANIS: Off the record.

20 (Discussion off the record.)

21 BY MR. NIELDS:

22 Q Eight million to the U.S. Government, 17 million
23 ended up in Lake Resources account. My question to you, my
24 first question to you is, and as I say, this is a very
25 important question to the committee. Anything you can do to

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1 help shed light on this question would be much appreciated
2 by the committee -- why did the Government choose to structure
3 the transaction in such a way that there was this many
4 million dollars surplus in Lake Resources?

5 (Witness conferring with lawyer.)

6 THE WITNESS: Mr. Nields, I recognize the importance
7 of the question that you are asking. I have been in many
8 different ways trying to ask the very same question for myself
9 and try to find it best answered that I come up with at
10 least to satisfy my own mind, so I would be prepared to answer
11 the committee's question or in this deposition your
12 questions, I believe yesterday we made some progress when this
13 line of questioning finally was led to what was the
14 enterprise.

15 I believe that is where we broke off yesterday
16 when Mr. Liman tried to understand what was the enterprise
17 and I left the meeting of yesterday this question on my
18 mind and on the mind of my attorneys and we tried for the
19 millionth time -- I am exaggerating, of course, too -- to
20 go over the same question working very hard to understand
21 what this all means.

22 With the help that indirectly was given to me as a
23 result of the deposition and with the cooperative effort
24 that I have been noticing in these depositions, that there

25 There has been an effort to try to sharpen the questions

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1 and focus on the bottom line and I learned quite a bit over
2 the past few days, finally last night I tried to restructure
3 all these events in different form by going to very basic
4 issues and try to in my mind at least solve this complex
5 situation and I came to the conclusion that I can continue
6 to be cooperative, I can continue to be truthful and at the
7 same time I can give you answers that would be contradictory
8 and all this is the result of the original design of this
9 activity.

10 I was told -- and this is not my opinion -- I was
11 told by General Secord that we are getting into a totally
12 private endeavor on behalf of the U.S. Government for both
13 the Nicaraguan initiative and the Iranian initiative.

14 The past few days we have sorted out this situation
15 of the contras. We haven't gotten deeply into the situation
16 of the Iran and there is -- at least my understanding is that
17 we still don't have an understanding of what the enterprise
18 is.

19 So here I am a businessman, his business partner,
20 who had sensitive, very sensitive positions in the U.S.
21 Government for whom I have a lot of value and for whom I have
22 a lot of respect. He has a remarkable track record. This is
23 important. I am not trying in these testimonies to build him
24 up. I am trying to give you my state of mind.

25 A man comes with such a background to me and then he

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1 tells me that we are going to -- we are going to start a
2 covert activity on behest of the United States Government
3 approved by the United States, the President of the United
4 States.

5 Okay. I make obviously no apologies that I may
6 have jumped into a lot of conclusions as a result of that
7 statement, but my understanding was that we are going to get the
8 support of the United States Government and go into this as a
9 private company, private individuals and do transactions as
10 it is conventional and normal.

11 That was how the whole thing was set forth to me and
12 that is how we got started.

13 Then as we got deeper into this, I started to see
14 things that, you know, started not to make sense in the mind
15 of a conventional businessman. I saw General Secord
16 playing a very important role in this. I saw the result of
17 his decisions.

18 I saw the result of his judgments. I saw the number
19 of times that Mr. North consulted with him.

20 So I saw the man has importance in this whole
21 operation. Then at the same time I see that there are
22 times that Oliver North becomes, if not as important, if
23 not more important, but definitely very important in our
24 operation.

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25 So I am sitting back looking at this thing and totally

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1 relying on my trust in General Secord and his
2 comprehension, understanding, experience with the U.S.
3 Government and totally trusting him and I continue to trust
4 him today, that he understands this complex U.S. structure,
5 the government structure, better than I do, so my
6 partner, my friend, is in there, I trust him. He knows,
7 so I am not going to bother with this. All I know I am a
8 businessman and I am supposed to run things as a businessman
9 does.

10 So then at the same time I see conflicting
11 approaches. I see -- to give you an example, Oliver North
12 wants to ~~to~~ much money for the contras and sometimes he gets
13 it, sometimes Richard says, well, we cannot afford it. We got
14 to keep the enterprise going.

15 It is a question in my mind, but I don't consider
16 it to be my business. I will do what I have to do.

17 BY MR. NIELDS:

18 Q I want you to continue, but before you do, were you
19 present during these conversations in which North asked for
20 money to be spent for the contras and Secord refused?

21 A I don't really recall. I am not -- in this
22 context, I am not focusing on that. But I am talking about my
23 knowledge of things.

24 I really didn't come to get to know or even meet
25 Oliver North until this February meeting in Frankfurt, so

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1 I was not present in any previous meeting prior to that; I
2 did not even know of North until I met him in Germany.

3 So if you will be patient with me and leave that
4 for a different line of questioning, I can -- I am trying to
5 find a common understanding here so we would not waste
6 time and god forbid put myself in a situation that the Members
7 present here would think that I am trying to contradict
8 myself.

9 I am trying to say that I could be truthful and I
10 could answer the questions and yet they might be contradictory
11 because the whole structure put together was in a very
12 unconventional way.

13 Here I am told this is a private organization and I
14 learn now that they structured it in such a way that the
15 Government had to have participation in it and then the Governmen
16 was not supposed to have participation in it.

17 We were supposed to keep the interests of the
18 Government in mind and then we were supposed to go around the
19 Government. You know, these issues did cross my mind, but
20 I told myself, Albert, you got this General more than half-a-
21 century old -- please never tell him that; he is very
22 sensitive to his age -- he has been with the Government so
23 many years, he has been involved in such sensitive projects,
24 who are you to question this? Either you trust Richard or you
25 don't trust Richard.

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1 If I would not have trusted Richard, I guarantee you
2 for no money in the world I would have participated in this
3 activity because I can make money by spending less effort
4 than I have spent in this covert activity.

5 But I got into this for a lot of motivations and I
6 differentiate between motivation and reward. I would
7 like you to go on the record with that. I hope time would
8 allow so I can describe this issue.

9 So I am left still with all these questions in my
10 mind outstanding, Mr. Nields. So when you ask me whose
11 money is this, what I could do with it, I am sorry, I have
12 to give you a Jewish answer and that is to ask you a question
13 instead of answering your question. Being a Jew, you know,
14 I can afford doing that.

15 So my question is, you are asking me whose money was
16 this. I am asking you, whose enterprise was that? Was it a
17 private enterprise? Was it Government enterprise? Was it a
18 joint venture?

19 If it was a joint venture, where are the documents
20 describing the relationship? Who were the people who were
21 supposed to control the activities?

22 Why didn't they control the activities? Why did
23 they let me go -- you know, nothing was done in bad faith
24 in my operation, I guarantee you. Nothing was done in bad
25 faith in CSF's operation.

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1 I guarantee the honesty of all the people that I
2 brought into this. But you know, trust is one thing,
3 control is another thing.

4 The thing started, with all due respect, in a sloppy
5 manner, and got sloppier as we went into this and now
6 here after the facts I am sitting in front of you and you want
7 me to go back and analyze all these events and be precise in
8 my answer to your very important question.

9 I try to give you as many answers as I can, but I
10 want to warn you that they may sound contradictory, that is
11 not my intention, I am trying my darnedest, like I said
12 yesterday and the day before, to help you as part of your
13 team.

14 I am looking at this as a team effort. So we can
15 get to the bottom of this thing quickly so we can get on with
16 our life. I am a bottom line man. I have to go there and
17 do business.

18 Here I am not making any money spending my time
19 testifying.

20 So I have again financial motivation to get to the
21 bottom of this thing as quickly as possible.

22 I want to make sure that you all understand all these
23 outstanding important questions in my mind and I am afraid
24 when you sum up all the various answers that I will be giving
25 you if you would continue to trust what I am telling you,

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1 you would end up with one answer -- I don't know.

2 Q That was the answer I was taking you to give.

3 I take it that that is the answer to the question
4 whose money was this surplus?

5 A I don't think that is a right question to ask,
6 Mr. Nields. I don't think there is one answer to that
7 question. I don't think there is going to be a situation
8 that you can classify things in the form of black and white.
9 There are going to be a lot of grey areas. I believe that this
10 bad architectural work that was done from the conception of
11 this thing --

12 Q Your first speech was very helpful and I don't want
13 to stop you from making another one, but I don't want to hear
14 the same speech again. I take it the bottom line is, your
15 answer is, as you said, you don't know?

16 A I don't know.

17 Q All right.

18 A It is not --

19 Q Did anyone ever tell you --

20 A -- whose money this was?

21 Q Yes.

22 A My understanding was that this money belonged to
23 our private enterprise. That was my understanding. That was
24 what I was told at the beginning, that is what I continued to
25 assume. Today I am confused.

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1 Q Who told you that?

2 A General Secord.

3 Q Did you ever talk with Oliver North about it?

4 A I did not get to know Oliver North as I testified
5 earlier until the Frankfurt meeting and I did not become
6 close to Oliver North until we got into the second channel,
7 so my involvement with Oliver North really in a substantial
8 way did not occur until September and on into October.

9 It was a short encounter but very -- but under
10 intense environment. We became extremely close. I had to learn
11 about him because he effectively was my client and
12 on the other hand the Iranians, so I had to learn about him
13 as quickly as possible.

14 So the bottom line is I don't recall having had
15 such a discussion with Mr. North.

16 Q You have said that in some ways you were told and you
17 understood that this enterprise was private to get around the
18 Government, and in other ways it was responding to the
19 direction of the Government.

20 A That is my interpretation of it. It is not that
21 they came and told me, Albert, we want to get around the
22 Government and therefore we have architected this activity.

23 That was my understanding, that is the U.S.
24 Government is employing the services of the private organization
25 and private individuals to perform a covert activity.

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1 Q What was your understanding of the reason why the
2 United States Government chose to employ a private organization
3 to perform this covert activity?

4 A What was my understanding?

5 Q Well, were you told the reason?

6 A I cannot recall ever it was told to me in a clear
7 way, but I took it for granted that they could not do it
8 through their normal channels. They had not succeeded to do
9 it through their normal channels and they needed the help of the
10 private sector and this was not unusual for me. I have seen
11 signs of that in the past.

12 I really didn't focus very much on that. I heavily
13 relied on General Secord to understand the U.S. Government.
14 I don't consider myself an expert in the subject. I left
15 all that very much to him.

16 Q What was your understanding of the things which a
17 private enterprise could do that the Government had not been
18 able to do?

19 A In connection with the contras, my understanding
20 was that the U.S. Government could not support the contras,
21 but private individuals could.

22 Q You mean they couldn't do it legally?

23 A Well, of course, yes, I take it for granted that
24 the U.S. Government would not do anything illegally as a
25 government body.

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1 So that, yes, is what I am saying, that the laws were
2 such that it did not allow them to do what the President
3 wanted to do.

4 Q Okay. How about with respect to Iran?

5 A My understanding with regard to the Iranian affair
6 was a little bit different. My understanding was not that the
7 government wanted to go around any part of its structure.
8 My understanding was that it was important for them to establish
9 relationship with Iran and I very much subscribed to that
10 policy, and I am also personally aware that there was no policy
11 with regard to establishing a relationship with Iran and the
12 reason I am aware is because I did try prior to my involvement
13 with this re-establishment of relationships, many years before
14 that, I approached the son of that Shah of Iran and I spent a
15 lot of time, money and effort to see if I could sort of
16 bring him around to get close to the U.S. Government so we
17 could do something about Iran and this goes back maybe a year
18 or two after the revolution and as a result of that activity
19 I learned in more than one way that the policy, foreign
20 policy was not to have a policy. So my understanding with
21 regard to the Iranian initiative was that taking everything
22 into consideration, including the situation in Iran, by
23 the situation in Iran, meaning that there were a number of
24 factions, the information about the movement of the Soviet
25 Union, the approach had to be made from various

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1 U.S. Government officials and ex-officials, that slowly
2 there was a desire on the part of this Administration to do
3 something about this and the best way to approach this was not
4 to get Iranians panicky with them not having trust in us and us
5 not having trust in them, try to start with this in a low key
6 manner to see where it ends.

7 That was my understanding.

8 Q Why was a commercial cut-out important in doing that?

9 A What is my opinion?

10 Q First of all, were you told anything at the time?

11 A No, it sort of -- one thing led into another.

12 When I say one thing led into another, we are here doing the
13 contra thing and all of a sudden I am called, "Albert, your
14 help is needed, be there in less than 24 hours."

15 I happened to be in Geneva -- "I will tell you what
16 it is when you get here. I cannot talk about it."

17 I get there. They tell me I have to all of a
18 sudden become the President's interpreter.

19 MR. LIMAN: Could we stop for a moment on this
20 because, for the record, I think that it is critical.

21 Mr. Hakim, I know, is not a professional witness,
22 but it is important to differentiate between what is an
23 understanding, which you can get from any number of ways,
24 and what you were told. So when Mr. Nields says what were
25 you told, you know, the answer is I was told this, or I wasn't

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1 told anything, or I don't remember, because when we get to
2 general understandings, I am concerned that they can be
3 grossly unfair to people in that they can be your interpretation
4 not intended by a particular individual, but to the listener.
5 I am sitting now away from John listening very carefully.

6 To the listener, it can sound as if you were
7 told something. So I do think that -- you know, we don't have
8 a judge here, there is no judge in the hearings either, but
9 it is important to listen to John's question and when he asked
10 were you told something, to try to answer it directly.

11 MR. JANIS: Just a moment.

12 (Witness confers with his lawyer.)

13 MR. JANIS: Okay.

14 THE WITNESS: Mr. Liman, I appreciate your
15 explaining to me. I understand.

16 Mr. Nields, could you please repeat your question
17 so I will try to answer the question in a manner that is --

18 BY MR. NIELDS:

19 Q My question is what were you told, if anything,
20 about the reason for using a commercial cut-out in the Iranian
21 transactions?

22 A I don't recall that I was told anything at the
23 early stages of my involvement.

24 Q Were you told something about the reason for using
25 a commercial cut-out on the Iranian transactions at a later

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1 time?

2 A Yes.

3 Q When?

4 A When I was requested to open a second channel.

5 Q Who told you?

6 A General Secord.

7 Q And anyone else?

8 A He started it. There were a lot of follow-up
9 phone calls by Oliver North.

10 Q What did General Secord tell you?

11 A That my, Albert's assessment, was correct, and the
12 Ghorbanifar channel was not getting where they wanted it to
13 get. They had a lot of disappointment and without -- I
14 underline this was repeatedly discussed and made known to me,
15 that without losing the first channel they wanted to create a
16 second channel, test it, make sure it is viable and reliable
17 before they abandoned the first channel.

18 Q What were you told, if anything, on the subject of
19 why a commercial cut-out was being used?

20 A That was not even an issue. I was told nothing.

21 Q So at no time were you told why a commercial cut-out
22 was used in connection with the Iranian transactions?

23 A The -- in the light of what Mr. Liman explained,
24 the answer is no one told me

25 MR. LIMAN: John, could I see you one second?

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19-30

1 MR. NIELDS: Sure.

2 (Discussion off the record.)

3 BY MR. NIELDS:

4 Q Where were we? Do I have a question pending?

5 MR. WECHSLER: I believe you asked the question,
6 so you were told nothing, and he agreed.

7 THE WITNESS: I think I answered your question.

8 MR. LIMAN: I waited for the answer and then
9 interrupted.

10 MR. NIELDS: Okay. Fine.

11 BY MR. NIELDS:

12 Q What were you told about why you were being used --
13 you and your Swiss accounts?

14 A I am afraid I don't understand the question.

15 You are still on the Iran initiative?

16 Q Yes, on the Iranian transaction.

17 A On the Iranian transaction and the question is why I
18 was used as -- I was not told that either.

19 MR. JANIS: Can I have a moment here?

20 (Witness conferring with his lawyer.)

21 MR. JANIS: Can we take a minute here?

22 MR. NIELDS: Sure.

23 MR. JANIS: I mean the three of us?

24 (Discussion off the record.)

end BOYUM 25

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#2
CANTOR/md
fls BOYUM
2:00 p.m.

1 THE WITNESS: I understand why we are having these
2 miscommunications.

3 BY MR. NIELDS:

4 Q Let me just ask you some other questions, if I may.
5 The Iranians I guess represented by Ghorbanifar paid the
6 money for these arms sales into Lake Resources?

7 A Yes.

8 Q Now, there was, I take it, a CIA account in
9 Switzerland, and my question to you is if you know, why didn't
10 the Iranians simply put the money into the CIA?

11 A I don't know.

12 Q Did you ever talk to anyone about why it was that a
13 private party with a private bank account in Switzerland
14 was used to receive the purchase price for these Iranian
15 arms?

16 A I don't recall such discussion.

17 Q The record is clear. You don't recall any
18 discussion as to why it was that your Lake Resources account
19 was used to receive the monies rather than the CIA account?

20 A That is correct.

21 Q What was your understanding?

22 Let me ask you even a simpler question. Did you
23 have an understanding as to why your system of bank accounts
24 was being used to receive the money?

25 A The best way to answer that is that I had a

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1 speculation. I speculated why all of this was happening,
2 and my speculation also was in line with my logic, and also
3 with my philosophy towards dealing with Iran, and that
4 speculation was only through business channels can you
5 penetrate into the Iranian system.

6 Q You have repeatedly characterized the transaction,
7 the transaction as covert.

8 A Yes.

9 Q And you have also explained to us the manner in which
10 you used the various bank accounts for confusion purposes?

11 A Yes.

12 Q Now, wouldn't it be fair to say that it was your
13 understanding that one of the reasons Lake Resources and
14 your accounts were being used ^{were} ~~where~~ in order to make it
15 more covert?

16 A That is a reasonable conclusion.

17 Q In other words, it would increase the difficulty
18 for someone to detect what was going on in these transactions?

19 A Without a shadow of a doubt.

20 Q And that that was your understanding as one of the
21 reasons why your Swiss bank accounts were being used?

22 A By then it had become part of my life. It was a fact
23 I never questioned it any more in my mind.

24 MR. JANIS: What is the answer to his question?

25 THE WITNESS: Yes.

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1 BY MR. NIELDS:

2 Q Here is the second question I want to ask. What was
3 your understanding of why, in using your bank accounts in
4 furtherance of making the transaction covert, why there was
5 left so much money in your bank accounts?

6 A Your question is, if I was told or what was --

7 Q The first question is, why you were told. Let me
8 sharpen the question. \$25 million came in, maybe 1.5 were paid
9 out in expenses, why wasn't all the rest put in the CIA
10 account? First tell me if you were told the reason, and if the
11 answer is no, please say so.

12 A I don't believe the answer is no, because I recall
13 statement, most probably from General Secord, possibly also
14 from Oliver North. I cannot be certain about that, that it was
15 going to be a source of income for the contra effort.

16 Q Were any other reasons given to you?

17 A Not that I can recall.

18 Q Were you ever told that one of the reasons was so that
19 you or Mr. Secord could profit personally?

20 A At a certain point in time, yes.

21 Q Who told you that?

22 A Mr. Secord.

23 Q When?

24 A When I became more involved in the activity.

25 Q That is in the second channel?

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1 A No, even prior to that, I did perform other functions
2 in the first channel, nothing substantial, outside of the
3 very important first meeting in Frankfurt, but the issue was
4 discussed at one point there would be also profit to us.

5 Q I want to make sure first I understand at what
6 point.

7 MR. JANIS: At what point was it discussed?

8 BY MR. NIELDS:

9 Q Yes. At what point was there discussion?

10 A I believe towards the end of the life of the first
11 channel, so that brings it to I would say sometime around
12 August of 1986.

13 Q You discussed this with General Secord?

14 A Yes.

15 Q Did you discuss it with anyone else?

16 A In that time period, no. In September, yes.

17 Q Who did you discuss it with in September?

18 A I discussed that in a meeting where the Iranian
19 representatives were present. General Secord was present,
20 George Cave was present, obviously I was present, and I discuss^d
21 that openly with all of them.

22 Q Was Oliver North present?

23 A Yes. George Cave was present, and if I remember
24 correctly, as a matter of practice, Oliver North always carried
25 his briefcase that was equipped to record the discussions

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1 of the meetings that he wanted to record, so I would be
2 surprised if there is no such tape. I understand the
3 impression that the whole series of discussions we had, and
4 I remember it was a Saturday, because this took place in
5 the offices of Stanford Technology Corporation in Vienna, in
6 our conference room there, and so, I believe there should be
7 a recording of that meeting. I was told --

8 Q Did you discuss this subject at any other
9 occasions that you can recall?

10 A Yes. The subject was discussed in almost every
11 meeting that we had that both the representatives of the Iranian
12 Government and the U.S. Government were present, because I had
13 people who had assisted me.

14 The reason it came up all the time, Mr. Nields, was
15 because I was under pressure by a number of people that had
16 helped me to open the second channel. For them, they wanted
17 to know where they were standing financially with regard to
18 this, and so I had to bring the subject up at every meeting,
19 and in every meeting I was promised by both groups that they
20 recognized that I am in this for financial benefit, and they
21 will deal with this at a later date, and that was sufficient
22 for me, especially when the Iranians also confirmed that this
23 is quite common.

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24 It is not the case at all, but very usual that when
25 you get involved in a transaction that all parameters are not

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1 know, you leave it for the times that things are known. You deal
2 basically in trust, and settle things up when the issues are
3 more tangible, so I was promised that this issue would be
4 dealt with.

5 I communicated that to the other people who had
6 interest in this venture. I kept them quiet, but they
7 continuously badgered me with where they stood. I came back
8 to -- each meeting was repeated.

9 Q I jumped ahead of myself. I want to get back to
10 this in greater detail, but you said you had a conversation
11 with Secord in August on this subject, and you have not yet
12 described that conversation.

13 Why don't you describe that conversation?

14 A I have to back up. I am reconstructing the events
15 in my mind. I have to back up maybe a month. There was a lot
16 of effort on my part during the month of July to arrange
17 the meeting between what turned out to become a second
18 channel, and the American group, and we had difficulties in
19 coordinating the meeting because of the Oliver North
20 schedule.

21 He had a very tight schedule, and he wanted to participate
22 in this evaluation meeting, I referred to it as an evaluation
23 meeting.

24 MR. JANIS: Excuse me.

25 (Witness conferred with counsel.)

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1 BY MR. NIELDS:

2 Q The Brussels meeting is sometime August 26th.

3 MR. JANIS. Just for the record, while we were off
4 the record, Mr. Hakim was trying to reconstruct events in his
5 mind so he could be as accurate as possible. Mr. Nields,
6 I think as I recall the question outstanding was what was
7 the substance of the first conversation he had with General
8 Secord regarding payments; is that correct?

9 BY MR. NIELDS:

10 Q Yes.

11 A I think that it was early August when I discussed
12 the subject of financial participation in the Iranian initiative
13 with General Secord, and General Secord's response was that
14 if he were going to be successful to make a smooth transition
15 from the first channel into the second channel, we can benefit
16 from the total initiative.

17 Q What did you understand that to mean, that you could
18 benefit from the total initiative?

19 A I understood it to be one project that was going back
20 and if you could come in and cure this and make this good, then
21 we were going to be entitled to the benefits derived from the
22 total effort, total project.

23 Q Does that mean including the benefits that had already
24 been derived?

25 A I didn't focus on it in that manner.

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1 Q I am not sure I am understanding you, Mr. Hakim. Are
2 you saying that what Mr. Secord said to you in substance was
3 simply that if you were successful in developing a second
4 channel, there would be something in it for you financially?

5 A Effectively, we would be replacing Chorbanifar,
6 and we are going to be the people that are going to go in ^{between} ~~between~~
7 the two governments. That was my understanding, and we are
8 going to benefit from the venture.

9 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

10 BY MR. LIMAN:

11 Q Who is the we?

12 A Richard and I.

13 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

14 BY MR. NIELDS:

15 Q Did he indicate to you at all in what way or in
16 what amounts you were to benefit?

17 A No. It was very vague.

18 Q Simply that there would be something in it for you
19 financially?

20 A Yes.

21 Q And something in it for him?

22 A I might as well put this thing to rest once and for
23 all. My understanding at all times was that I was not, or at
24 least in my mind, I never separated myself from my partner.

25 Q Your partner being Secord?

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1 A Secord. As a result of my culture, my
2 association, all these things, in my mind --

3 Q You were 50-50 on all these transactions?

4 A That was my interpretation of things, and that was
5 my understanding at all times.

6 Q Was anything further said during this conversation
7 in August with Mr. Secord?

8 A Not that I can recall.

9 Q I interrupted you as you were describing the
10 various conversations that you had in joint meetings with the
11 Iranians, North and Secord, and Cave. Could you just tell us
12 again what was said on the subject of your financial
13 remuneration?

14 A The way this thing worked out, the other individuals
15 that had helped to open the second channel, they managed
16 to come to the places that we held our meetings, but not
17 staying with us or participating in the meetings, but being
18 present in that city, and at the end of each official meeting
19 that I participated, in the evenings I was question^{ed}, what is
20 happening to us? They wanted to know if in the discussions
21 we had reached agreement clarifying their position, and this ^{was} ~~was~~
22 not done. This was discussed in Frankfurt during a couple of
23 three meetings that we had there, I don't remember how many
24 meetings.

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25 I believe there was a meeting in Meintz, if I am

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1 correct, Germany, or a city similar to that. We had meetings
2 also in Geneva, but I don't recall whether the issue of money
3 was discussed then or not. I cannot recall that, because I
4 don't remember those associates of mine being in Geneva,
5 but it was an outstanding issue, and each time I had people
6 sitting and waiting for me to come up with some sort of an
7 answer as to when, how much, how they are going to be
8 compensated, and I tell you, these people are not people that
9 one likes to fool around with, so I tried to get an answer
10 from the two members.

11 I felt uncomfortable. These are representatives of
12 two countries sitting there trying to establish this very
13 important relationship, and I had enough imagination and
14 self-confidence that somewhere along the line, in the future,
15 I would be making a bundle of money, but at the same time, I am
16 being harrassed by these people, and I have to come in and
17 I cannot tell especially the Americans, "Hey, guys, my life is
18 at stake. Come on, tell me."

19 Q I want to make sure I understand this picture
20 correctly. The people you say who were not at the meetings
21 were people, private citizens, who were helping you establish
22 the second channel, is that it?

23 A I would best say that private citizens were involved
24 in there, too.

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25 Q There were private citizens and other people who were

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1 not Americans who had helped you establish the second channel.

2 A And who could possibly --

3 Q Is that correct?

4 A Yes.

5 Q And they told you they darn well wanted to be
6 compensated if the transactions went through?

7 A To put it lightly.

8 Q And in meetings with officials of the United
9 States Government and the Iranian Government, you told both of
10 them that you needed to be compensated in some satisfactory
11 fashion.

12 A It got to a point that it was beyond that. That was
13 understood, and they all agreed. The question was how much,
14 when and how.

15 Q What was said on the subject of how much? First,
16 let's just establish who these representatives were, at least
17 from the American side. Is that Mr. Cave and Mr. North?

18 A And, you know, we were taking into consideration
19 my earlier explanation about the enterprise, I would like to
20 also include General Secord in there. I want to go on the
21 record here with all due respect, and I mean this sincerely,
22 my guarantor for all these things was Richard Secord. That
23 was the only guy that I could rely on to make these promises
24 good.

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25 I did not ever find myself in a position that I coul

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1 go with an invoice in my hands to NSC and say, gentlemen,
2 you owe me this much. I never had that understanding.

3 Q So, you wanted Mr. Secord's commitment, and you
4 also wanted this raised in the presence of Mr. North and
5 Mr. Cave?

6 A Yes, and the Iranians.

7 Q And the Iranians, and you raised the subject in the
8 presence of all of these people, and they agreed that you would
9 be compensated in some way?

10 A Yes.

11 Q Then you raised the subject of exactly how, when and
12 how much?

13 A Right.

14 Q What was said on that subject?

15 A It was left to further developments of the
16 relationship. We were going through a very, very difficult
17 and intense time. We really were. I could understand why
18 they could not give me an answer. I was very sensitive to
19 that. I was involved in the discussions.

20 Q But I want to make sure that -- it was left uncertain
21 but you were told that one way or another, you would be
22 compensated in a way satisfactory to you and the people sittin
23 outside?

24 A Exactly, but you must recognize the time frame in al
25 this. All these are happening in the time frame of October-

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1 November.

2 Q Understood.

3 A And partially in September.

4 Q I take it you were aware that there was to be a
5 difference between the price paid by the Iranians into
6 your Swiss bank accounts and the price that would be paid out
7 of your Swiss bank accounts to the CIA?

8 A Yes.

9 Q And I take it it was not said during those meetings
10 that you will be compensated by being able to keep this
11 difference?

12 A I don't recall such a discussion at all.

13 Q Would it be fair to say, then, that it was not
14 clear during those discussions that that difference would belong
15 to you?

16 A That would be fair.

17 Q And I take it by reason of the fact that you
18 explicitly discussed the subject of compensation for you with
19 Mr. Secord in August, that it was not your collective
20 understanding previously that the \$17 million differential
21 on the first two transactions was to go to your personal
22 benefit or his?

23 A That is fair.

24 Q Did you ever discuss any reason for this \$17
25 million differential, other than use for the contras or use

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1 for your personal benefit?

2 A Expenses.

3 Q Anything else?

4 A The issue of self-insurance came about sometimes.

5 I can't recall the exact presentation of this thing, but
6 the bottom line was that Richard said that you never know what
7 Ollie would need next.

8 Q And I take it at one point Ollie needed a ship and
9 you used the money to buy a ship?

10 A Yes.

11 Q And at one point, Ollie needed Motorola radios and
12 you used the money to buy Motorola radios?


13 A Yes.

14 Q And I take it at one point, he wanted some money
15 for DEA agents in cash, and you used it for that purpose?

16 A Well, I don't know whether he initiated that.
17 Richard told me that such-and-such people will come to you
18 and give him so much.

19 Q But it wouldn't come as a surprise to you to learn
that that also was originated by Ollie North?

20 A I would be surprised if it didn't.

21 Q And so, is it fair to say that it was your
22 understanding North wanted the money used for the contras,
23 he wanted the money used for the boat, he had money used
24 for Motorola radios, money used for the DEA and of course, 

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1 he needed to use it on expenses for Iran and
2 for the reserve insurance.

3 Is it fair to say it was your understanding that
4 during that period of time, that this differential, surplus,
5 profit, whatever we call it, was being used and was to be
6 used at North's direction?

7 A This is what I tried to explain earlier.
8 Everything that you mentioned are the examples of these
9 contradictions, yes.

10 Q Is the answer yes?

11 A Yes.

12 Q Was there ever any discussion with Secord or North
13 to the effect that North affirmatively wanted a pool of money
14 available to him in Switzerland for any use that might arise?

15 A I understood --

16 MR. JANIS: You are asking him if he was privy
17 to any such conversations or if he was told of any such
18 conversations?

19 MR. NIELDS: Both.

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end md

#2A FLS

CANTOR:mhl
fls md

QA

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BY MR. NIELDS:

1 Q Let's do first whether he participated -- I am
2 really asking whether that was ever told to him either by
3 North directly, by Secord, or by anybody else?

4 A The answer is yes, it was told to me by Secord.

5 Q I am going to move to another topic.

6 MR. LIMAN: What was he told?

7 BY MR. NIELDS:

8 Q Yes, what exactly were you told?

9 A That we need to stand on our own feet. It has to
10 be a self-sustained enterprise. We cannot rely on any other
11 income, so we have to build up a financial backbone.

12 Q And what did he say on the subject of the financial
13 backbone being there because North wanted some money available
14 to him for whatever needs might arise?

15 A Also.

16 Q He said that?

17 A Yes. Not in that meeting, but you know, when you
18 add this up, and I am sitting here in front of you today,
19 when you package it, the answer is yes.

20 MR. JANIS: What he wants to know is as specifically
21 as you can recall, did Mr. Secord ever tell you that North
22 told him that he wanted a pool of money available for North
23 to be able to use for whatever purposes he wanted?

24 THE WITNESS: Not for whatever he wanted, but it
25 was very definite about the contras.

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MR. JANIS: So the answer is yes, Secord told you

1 North had told him he wanted money to be available in a pool
2 to use for the contras?

3 THE WITNESS: Yes.

4 BY MR. NIELDS:

5 Q The next question is did he ever go further and
6 say that North wanted a pool of money available for whatever
7 needs might arise?

8 A You know, I have to refer to my earlier answer.

9 Q It was used for those --

10 A It was known to me that North may have other needs.
11 It was not an outstanding issue that needed to be clarified.

12 Q So, what Secord told you in effect was affirmatively
13 that North wanted money available for the contras, and then
14 he said at some point or another there is no telling what
15 else North may want to use money for, is that correct?

16 A I testified to that earlier. That is correct.

17 MR. LIMAN: John, has he defined what enterprise
18 is as he uses that term? I wasn't here the first day, but
19 I have heard the term "enterprise" yesterday. I heard it
20 again today.

21 MR. JANIS: As I recall, the first day we got into
22 that as a system of companies that he made available, but
23 if you need to go over it again --

24 THE WITNESS: I think we went into that quite
25 heavily, and even referred to the chart, explained the purpose

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of it.

MR. LIMAN:

I know the entities that make it up, but you use the enterprise in the sense of a group of companies that have a particular objective.

MR. JANIS: I think the enterprise has entered the English language in a colloquy which all senses --

MR. NIELDS: I take it this is a term he may not have used at the time but is using it now after listening to Mr. Secord's testimony.

MR. JANIS: I think everybody in the country is using it now.

THE WITNESS: The answer to your question, Mr. Nields, is yes. I have no other terminology to use to describe this strange animal.

BY MR. NIELDS:

Q This wasn't a term that North used in your presence

A I don't think even Secord used it in the past. If anybody would have used the name in the past, I ^{would} have asked a lot of questions, as a businessman. They didn't use it. They were not specific.

Q When we broke yesterday, or maybe not when we broke yesterday -- Arthur, has this been satisfied? I think it is covered -- when we broke, or sometime yesterday, I asked you to take home the ledger. Not the ledger, not the full ledger, just that part of the ledger which has been marked

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Deposition Exhibit 1, to see if you couldn't review it, that
1 you could put yourself in a position to tell us what various
2 enterprises in the ledger represent, and I would like to turn
3 to that now and I put in front of you a copy of Exhibit 1, and
4 I would like to begin with the page headed Albert Hakim, which
5 is page h. 964.

6 A I approach it the same way, Mr. Nields, skip over
7 the first four or five pages, and started to try to analyze
8 as much as I could these figures.

9 Q I would like to just go through them items by item,
10 and have you tell us what you can about each item. The first
11 one is a February 18, 1985 cash withdrawal in the amount of
12 \$5,000. What does that represent?

13 MR. JANIS: Can we, as ground rules, I think it
14 would be easier, I assume that you want him to testify whether
15 he knows or even if he can speculate, is that correct? If he
16 can speculate you want him to do that too?

17 MR. NIELDS: I want him to do both, but I want him
18 to clearly state which he is doing.

19 MR. JANIS: Okay.

20 THE WITNESS: Item 1, I don't know. My speculation
21 is that it could be, judging from the amount, it could be cash
22 that I withdrew to serve the purposes of the expenditures of
23 the enterprise private, or STTGI. It is possible for the use
24 of all of those.

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BY MR. NIELDS:

1 Q I am not ^{going} going to mark this, but I am going to put
 2 something in front of you and see whether it refreshes your
 3 memory.

4 MR. JANIS: Just for the record, this is document
 5 H. 411.

6 MR. NIELDS: Both H. 11 and H. 411. But I think
 7 you are correct, we should use the H. 411. It is a basic
 8 record that was made available by Mr. Hakim to the committee
 9 in Paris.

10 MR. JANIS: Let's go off the record.

11 (Off the record discussion)

12 BY MR. NIELDS:

13 Q Mr. Hakim. I take it with respect to this first
 14 transaction, February 18, 1985, \$5,000, you believe that it
 15 is either an expense of the enterprise or it is a personal
 16 payment to you, or for the benefit of STTGI, and you can't --

17 A Or a combination.

18 Q Or a combination of them, and you can't tell which?

19 A That is correct.

20 Q Did that money leave the enterprise and CSF, or
 21 is it on deposit invested by ^{CSF} ~~CSF~~?

22 MR. JANIS: If you know.

23 THE WITNESS: I have no idea.

24 MR. JANIS: Just for the record, the document that
 25 Mr. Nields just showed us would indicate that on the same

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1 date, \$5,000 was transferred from Energy Resources to CSr
2 Investments Limited, and again that is the same date of the
3 cash withdrawal. Whether that means it was an operational
4 expense, I guess he has no recollection.

5 THE WITNESS: Or the capability to even speculate
6 about the transaction between CSF --

7 BY MR. NIELDS:

8 Q I just want to make sure I understand that, because
9 this document that I showed you, H. 411, shows it going to
10 ~~SEC~~ CSF. Would that indicate that it was invested by CSF rather
11 than being a cash disbursement to you?

12 A I have no idea. I don't know.

13 MR. JANIS: I think what he is saying is that there
14 are occasions when I suspect many occasions, when CSF
15 Investments may indicate a cash withdrawal to Mr. Hakim when
16 it may have been for an operational purpose, and not for a
17 personal purpose, and the CSFV accounts may have been used
18 that way. Is that correct?

19 THE WITNESS: What I am trying to say, I don't know
20 exactly what sort of an arrangement CSF had with expenses,
21 even in connection with our accounts, and I am not aware of
22 the meaning of this sort of transaction. The only thing I see
23 in common between what I have in the ledger and this document
24 is the date.

25 BY MR. NIELDS:

Q The amount.

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1 A The amount is \$5,000 here, and there is \$5,2152.

2 Q Wouldn't that be the bank charge?

3 A Could be, I don't know. YOu see, there is a
4 separate entry says \$1.52. Is that bank charge? Why is it
5 5.20? That is what I don't understand.

6 Q What I am trying to get at is this. If this were
7 an expense of the enterprise, would it be transferred to CSFV,
8 or would it be transferred somewhere else?

9 A I don't know. If I wanted cash I would tell CSF
10 and they would make it available to me. How they did it, I
11 don't know.

12 MR. JANIS: Let me have a moment.

13 (Counsel conferring with witness)

14 BY MR. NIELDS:

15 Q The second item is a \$3,000 item for April 18, 1985
16 What does that represent?

17 A That is personal for me.

18 Q That is not an expense of the enterprise?

19 A No, it is not.

20 Q The \$5,000 transaction, what does this represent?

21 A If you go further down, since I studied this page
22 carefully, if you go further down on the 17th, you see it
23 says funds returned unpaid for the same amount.

24 Q It doesn't look like the same amount to me.

25 A Sorry, I am making a mistake. Let me explain to
you. What I meant, if you go down to the 17th to the \$45,000

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amount -- there is a \$45,000 amount transferred to Bank of Korea, 18th. Do you see the \$45,000?

MR. NIELDS: Let's go off the record.

(Discussion off the record)

BY MR. NIELDS:

Q We are back to the June 16, \$5,000 transaction. I take it that is personal?

A That is personal.

Q Then there is a February 20 transaction in the amount of \$20,000.

A I don't know ^{what} ~~that~~ that was. If you have any backup documents that can help me, I would appreciate it.

Q We do is the answer, but it will take me a second to find it.

(Off the record)

BY MR. NIELDS:

Q Let's go back on the record. I put in front of you a document from the records you supplied us that has Bates stamped H. 409 on it.

MR. JANIS: It indicates a cash withdrawal from Energy Resources payable to CSF per the orders of Republic National Bank.

MR. NIELDS: Yes, and that is broken down \$22 Korel \$20 Hakim.

(Off the record discussion)

MR. JANIS: We have also in front of us H. 1829,

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which is another Energy Resource bank record. Is this from

Credit Suisse?

MR. NIELDS: Republic National.

Mr. Janis. My question is this: This is not the

same Energy Resource account.

end Cantor
end mhl

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Bun 2-24
Boyum tape 3
mkb 1

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1 A I cannot identify this handwriting. I can tell you
2 it is not Bill Zucker's.

3 MR. ZANARDI: This is the Second portion of that
4 amount going out.

5 This is the \$22,000 account going to Second out of
6 that portion.

7 MR. VAN CLEVE: And he has a receipt for that.

8 MR. NIELDS: Let's go back on the record.

9 BY MR. NIELDS:

10 Q Mr. Hakim, we are going to change format a little
11 bit and let you go through the items on this ledger and
12 identify for us the ones that you can, and then we will come
13 back and pick up the ones that you are uncertain on.

14 A Okay, let's do that.

15 There are a number of small cash withdrawals here on
16 the 20th for \$3,000 and the 25th for \$3,000 and again -- the
17 25th is for \$5,000 and twice on the 20th for \$3,000. I have
18 marked all these things to be under the same category that we
19 had the first \$5,000 and on the 18th, top of the page.

20 Q Yes.

21 A I would like to answer or identify these in the same
22 manner that I have identified the \$5,000, i.e., these could be
23 operational expenses of the enterprise, private or STTGI or
24 a combination of them.

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25 MR. JANIS: For the record, I also think on these

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1 small amounts I recall the records that we produced, there are
2 a number of instances in which, even for the small amounts,
3 there are back-up documents from CSF records indicating that
4 the funds may be further disbursed or on some occasions for
5 other purposes that they were disbursed.

6 THE WITNESS: This transfer to Barclays Bank in
7 California for \$10,000, that is personal for me.

8 MR. VAN CLEVE: Let me ask before you go on, did you
9 mean to tell us or have you told us whether the notations were
10 created contemporaneously, if you know?

11 MR. JANIS: It is my understanding that the
12 notations on the back-up documents were created contempora-
13 neously.

14 THE WITNESS: The amount of \$12,800 transferred to
15 the Bank of America, because Bank of America was one of the
16 banks that I used.

17 I would like to see if you have the back-up
18 document on that. I might be able to help you with that.

19 MR. SABA: Here you go.

20 THE WITNESS: Okay. I know what it is.

21 MR. WECHSLER: Turn the document over to see if --

22 THE WITNESS: I know what it is.

23 MR. JANIS: Turn the page to the next one.

24 THE WITNESS: Okay.

25 MR. JANIS: For the record, Mr. Hakim was shown

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1 documents H-20 and H-19.

2 MR. WECHSLER: 18 and 19.

3 MR. JANIS: He looked at the first two pages, 20 and
4 19.

5 THE WITNESS: Can I see that again?

6 MR. ZANARDI: Sure. That is a copy of a check.

7 THE WITNESS: I understand.

8 This is a loan that I extended to my company,
9 Stanford Technology, Inc., in California. So for the purpose
10 of your accounting, it should be charged as my personal draw.

11 MR. NIELDS: Okay.

12 THE WITNESS: There is a transfer to Albert Hakim
13 for \$50,000.

14 BY MR. NIELDS:

15 Q April 16?

16 A April 16th. That is return back to the account.

17 If you come further down on the 17th of June, it says funds
18 returned and paid for the same amount, \$50,000.

19 MR. NIELDS: Off the record for a moment.

20 (Discussion off the record.)

21 MR. NIELDS: Back on the record.

22 THE WITNESS: Okay. This is --

23 BY MR. NIELDS:

24 Q Mr. Hakim, I think you are now going to correct the
25 answer you previously gave on the \$50,000 transaction on

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1 April 16; is that correct?

2 A Yes, sir.

3 I would like to leave that and come back to it when
4 we have more back-up documents to look at. I don't know. It
5 falls under the category of the items that I don't know. I
6 mistook that for another \$50,000.

7 Q That transfer went to Chase Manhattan in Paris.
8 Does that help refresh your memory on it?

9 MR. JANIS: What was the date again?

10 MR. NIELDS: April 16.

11 MR. JANIS: Off the record for a second.

12 (Discussion off the record.)

13 THE WITNESS: That won't help me.

14 BY MR. NIELDS:

15 Q Keep going, then.

16 A 18th, transfer to Robert Gooding, \$37,000, 3730.

17 That is personal. That is my attorney in San Francisco.

18 29th, \$7,000, I again categorize that as a combination
19 of operations or one of them, expense.

20 The next one, same thing, the \$3,000.

21 Q Okay.

22 A The 21st --.

23 MR. JANIS: May 21st, 1985.

24 THE WITNESS: Yes.

25 If I can recall correctly -- and I am basing my

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1 judgment on the amount of the \$250,000 and the annotation
2 here says that re-loan, re: lo loan, this was a transaction
3 that CSF and I jointly entered into in a piece of property
4 that apparently I found out later that CSF, too, has that as a
5 loan, a piece of property we bought jointly, and it was
6 returned and I paid some interest on that and I cannot see
7 where I was charged for the interest.

8 This was the principal, I believe. So this needs
9 further clarification.

10 The principal could have been less and the 250
11 includes the interest. But judging from -- it says transfer
12 to Compaigne de Services, Re: Loan --

13 MR. JANIS: But it says Re: Lo.

14 THE WITNESS: I read that to be "loan."

15 BY MR. NIELDS:

16 Q So that is a personal amount?

17 A Yes. On those assumptions it is personal and there
18 should be back-up documents. Such a transaction existed.
19 The principal could have been \$200,000 and the \$50,000
20 represents the interest, or the principal could have been 250
21 and then there should be somewhere where they charged me for
22 the interest.

23 Q But this is \$250,000 leaving the enterprise, going
24 to your personal benefit?

25 A With those assumptions, yes.

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1 Q All right.

2 I should say, in case it affects your recollection,
3 that it appears to have been transferred to Banc Nacional de
4 Paris.

5 MR. POINTS: You see that \$250,000 reappear on the
6 next page in '86.

7 MR. WECHSLER: Did you say you paid back the loan?

8 THE WITNESS: Yes.

9 BY MR. NIELDS:

10 Q Paid it back to where? To the enterprise?

11 A To CSF. They are showing these things --

12 Q In other words, CSF had loaned money earlier and you
13 paid them back with the 250?

14 A With that 250, yes.

15 MR. JANIS: CSF had loaned him money and he paid them
16 back --

17 MR. NIELDS: That is the payment back.

18 THE WITNESS: I would like to make a correction here.
19 If these --

20 MR. JANIS: Incidentally --

21 THE WITNESS: I need to make a correction first.

22 MR. JANIS: Okay.

23 THE WITNESS: That I, just since we went through

24 this mental exercise here, the \$250,000 that I was referring
25 to in connection with the purchase of property in San Jose

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1 was not paid back through the enterprise. That was paid from
2 my account, because the property was sold in San Jose and I
3 sent a check to CSF to their account in Republic -- New York.
4 So I would like the record to be corrected for that mistake
5 of mine.

6 BY MR. NIELDS:

7 Q So what -- I want to understand.

8 A I am saying there was a previous loan and I am
9 reading this "Re: Lo" to be "Re: Loan."

10 MR. JANIS: You are reading this to be a payment
11 back to CSF for the loan.

12 THE WITNESS: Yes.

13 MR. JANIS: Do you have a record from Republic
14 National Bank that they got a check?

15 MR. ZANARDI: Yes.

16 MR. JANIS: What this transaction highlights about
17 this ledger and one of the reasons it is confusing, assuming
18 this is correct, this was a transfer to CSF and not a
19 transfer into Mr. Hakim's capital account, which apparently
20 is the case, if you look at that balance. The balance,
21 even though it was payment to CSF from this account, the
22 balance goes up \$250,000.

23 MR. ZANARDI: That is the balance --

24 MR. JANIS: This is a running total of all the money
25 that came through, but not --

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1 MR. NIELDS: Not the amount being invested, no.

2 That is clear.

3 BY MR. NIELDS:

4 Q This is just a total of money paid, according to
5 their accounting, to your benefit out of the enterprise, and
6 they made mistakes because they have some expenses in there.

7 A The way I read this document, Mr. Nields, is that
8 these are the monies that were paid from the enterprise to CSF
9 that somehow, somewhere, there must be then some allocation
10 that it was paid to CSF for my benefit.

11 So we need to have those back-up documents to see if
12 the allocation is correct.

13 MR. JANIS: My point was that since this wasn't a
14 payment out of CSF into his capital account, it should have
15 reduced his -- the balance by \$250,000 and not increased it.

16 MR. NIELDS: Let's go off the record.

17 (Discussion off the record.)

18 MR. NIELDS: Back on the record.

19 BY MR. NIELDS:

20 Q Mr. Hakim, we are still on this transaction of
21 \$250,000 dated 5-21-85, and I think it is the best of your
22 recollection that this is a \$250,000 transfer to your personal
23 benefit?

24 A Yes.

25 I would like to again repeat, the only clue that I

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1 have, that I am going by, is not the bank record that you have
2 shown me. That doesn't help me. It is the statement here in
3 the ledger that says Re: Lo, and I -- because there was a
4 loan -- therefore concluded this to be Re: Loan.

5 I could be totally off.

6 Q And Re: Loan, you are interpreting, means that it
7 was used to --

8 A To repay back --

9 Q Let me finish.

10 -- to pay back a loan that had been made to you
11 personally earlier?

12 A That's correct.

13 Q Next item that you can identify.

14 A It says to Hotel Intercon right below that, Swiss
15 francs, 578, and it has its dollar value as \$224.12. I don't
16 know which Hotel Intercontinental. I assume if it is Swiss
17 francs, it is Intercontinental Geneva, and if it is Geneva and
18 it is in '85, it must have had -- must be charged to the
19 expenses of the enterprise.

20 Q Next item.

21 A Now, I see the next item, the \$50,000 transfer to
22 the Bank of Korea --

23 Q That was washed out, I take it.

24 A That was washed off.

25 Q Two items below.

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1 A Correct, two items below.

2 So then we come to the next transaction, transfer
3 to AH, Albert Hakim, \$30,000. I need some back-up document
4 to help me, please.

5 MR. JANIS: For the record, Mr. Hakim has been shown
6 H-1803, which is a debit advice from the Credit Suisse bank
7 account, Energy Resources International.

8 At the bottom there is a typewritten note.

9 THE WITNESS: Mr. Nields, I am afraid that this
10 back-up document doesn't help me to recall what this
11 transaction was for, because it is more of the same thing.
12 It doesn't say what it was for.

13 MR. ZANARDI: You see this, STTGI?

14 THE WITNESS: I can vaguely read Las Caros in
15 here, and you have traced this to the same transaction?

16 MR. ZANARDI: Yes.

17 THE WITNESS: If it says Las Caros and I see it,
18 it says favor of Albert H. Hakim -- here, Barclays Bank right
19 here, so it is personal use, yes.

20 MR. NIELDS: Okay.

21 BY MR. NIELDS:

22 Q The next item, \$45,000 transfer to the Bank of
23 Korea.

24 A We covered that.

25 Q June 18. That is personal?

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1 A Personal.

2 Then this cash withdrawal of \$420.17, that must be
3 a company expense. Which one I don't know, because it is not
4 a round number and it must have been for paying bills for
5 that amount.

6 Q Okay. The next one?

7 A The transfer to A. H. through Republic National Bank
8 for \$20,050 -- do you have back-up documents for that, please?

9 MR. ZANARDI: Yes.

10 THE WITNESS: Okay.

11 MR. JANIS: For the record, Mr. Hakim is referred
12 to H-1784 and 1785.

13 THE WITNESS: 27 June '85, the documents that you
14 have given me, that is the date.

15 Unlike the previous document from the Republic
16 National Bank that had a destination, i.e., showed that it
17 went to Barclays Bank, I could complete the transaction, this
18 one doesn't have a final destination.

19 It could very well be expenses or cash that -- I
20 cashed out and used for the benefit of the contras. It could
21 be -- we must trace this to see where it ends.

22 MR. ZANARDI: Just call it general, then?

23 THE WITNESS: Yes. I am unable to identify this
24 transaction.

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25 I need back-up documents on the cash withdrawal,

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1 15th of July, \$20,300.

2 MR. NIELDS: Do we have it?

3 MR. ZANARDI: We have it under Republic National
4 Bank.

5 MR. NIELDS: Page 25.

6 MR. JANIS: What have we got here?

7 MR. NIELDS: Transfer to STTGI. We have it marked
8 that way.

9 THE WITNESS: There were such entities, that they
10 charged me, and it goes to STTGI because I ordered the
11 transaction. So have you traced this through to STTGI?

12 MR. ZANARDI: Let's see it for a second.

13 MR. JANIS: We are looking at document H-284.

14 MR. ZANARDI: I haven't traced this one -- I don't
15 know anything right now on this one.

16 MR. NIELDS: You don't know of any?

17 MR. POINTS: No.

18 MR. SABA: No.

19 MR. NIELDS: Oh, oh, oh, wait, this is something
20 which is probably not -- this is on their books under an
21 expense item to STTGI. This item, this is a 40 --

22 MR. JANIS: This is on the record?

23 THE WITNESS: Yes.

24 MR. ZANARDI: That is what it is.

25 MR. NIELDS: We don't know what the \$20,300 is

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1 unless Mr. Hakim can remember, and I take it he cannot.

2 THE WITNESS: I cannot.

3 BY MR. NIELDS:

4 Q So this is a -- you don't know?

5 A It could be a misallocation.

6 Q The next one?

7 A Now we are looking at the July 16 cash withdrawal
8 of \$2,500. Again I would categorize it as the small cash
9 withdrawals that could be expense of any of the three entities,
10 myself, the enterprise or Dick or STTGI.

11 Q Just hold that one for a minute there.

12 I am putting in front of you a document which is
13 Bates stamped H-282 and I ask you if that refreshes your
14 memory on the \$2,500 transaction you have just been testifying
15 about.

16 A I don't know if --

17 MR. JANIS: This is the wrong document, I think.

18 This document reflects a \$250,000 transaction.

19 MR. NIELDS: It was a single transaction. Most of
20 it went to Tom Clines, \$206,000 went to Tom Clines.

21 MR. JANIS: This reflects \$7,500 going to Mr. Hakim.

22 MR. NIELDS: No, I think you are just reading a "2"
23 as a "7." It is a "2." UNCLASSIFIED

24 THE WITNESS: Whose handwriting is this?

25 MR. ZANARDI: Can I just see it?

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1 THE WITNESS: This is from CSF or from who?

2 MR. POINTS: No.

3 MR. ZANARDI: This writing right here, referring to
4 these numbers, that is CSF writing.

5 THE WITNESS: But --

6 MR. JANIS: What is the other writing?

7 MR. ZANARDI: The writing on the bottom is the
8 auditors from the House committee.

9 BY MR. NIELDS:

10 Q The point of this document is that on the ledger
11 it indicates that on that day there was a \$206,000 --
12 \$206,090 transfer to the C. Tea capital account. There was
13 also a \$2,500 transfer to the Korel's capital account.

14 A How much was to Korel?

15 Q \$2,500.

16 \$2,500 to your capital account, and apparently a
17 \$50,000 transfer to Rafael Quintero.

18 A The only thing that we have that leads you to
19 connect these transactions together is the date; is that
20 correct?

21 Q The date and this transfer on the same day.

22 MR. JANIS: Which transfer?

23 MR. NIELDS: The transfer which is H-282.

24 MR. JANIS: That transfer indicates -- let me see it
25 for a second.

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1 MR. NIELDS: It indicates a total transfer of
2 \$250,000.

3 MR. JANIS: Yes, of \$250,000. You are talking about
4 a \$2,500 transfer. The only note on this document is AH,
5 \$420.17, which refers to --

6 THE WITNESS: And we have that \$420.17 back up there.

7 MR. JANIS: So I think we are looking at the wrong
8 document.

9 MR. ZANARDI: I think it is the same document. It
10 is just different parts of it. In other words, the
11 transaction includes the 420.

12 THE WITNESS: But we have a reflection of the
13 \$420.17 that I said must be some sort of expense.

14 MR. ZANARDI: Yes.

15 THE WITNESS: I see a reflection of that, and you
16 tell me that that is CSF's handwriting.

17 MR. ZANARDI: Right.

18 MR. NIELDS: Let's go off the record for a second:

19 (Discussion off the record.)

20 MR. NIELDS: Back on the record.

21 BY MR. NIELDS:

22 Q We have been off the record, Mr. Hakim, and I take
23 it it is your testimony that you don't know for what purpose
24 this \$2,500 transfer on July 16 is for?

25 A That's right, sir.

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1 Q Keep going, then.

2 A The next transaction, 22nd of July transfer to Las
3 Caros, \$75,000 for my personal benefit.

4 Q Next?

5 A 16 August, cash withdrawal, \$2,943.46, and I need
6 a back-up document, if you have something to refresh my
7 recollection.

8 Q I have it on here. It looks like Bank of America,
9 San Francisco -- no, it just says paid to cash.

10 MR. NIELDS: Do you have a document?

11 MR. ZANARDI: No.

12 Do you have one?

13 MR. NIELDS: I'll tell you in a minute.

14 Advance on travel expenses for phase four, debit
15 SciTech, Albert Hakim.

16 MR. JANIS: Document H-261.

17 THE WITNESS: Then this is a contra expense.

18 BY MR. NIELDS:

19 Q A contra expense?

20 A Yes. It is advance, on travel expense for phase four.

21 Q That is the last arms sale to the contras out of
22 Energy Resources?

23 A Whether it is the last one or not -- maybe the last
24 one was the stranded transaction, so it was -- so it is a
25 contra expense.

Q A contra expense, okay.

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Cantor/drg
Take 2
3:30 p.m.

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1 BY MR. NIELDS:

2 Q Mr. Hakim, I take it phase 4 refers to the fourth
3 arms sale to the contras?

4 A That is right. The document that you showed me
5 that indicated that, were we on the record?

6 Q We are on the record now.

7 A No, when we were reviewing the document. When you
8 showed me a document that showed my signature advanced to
9 me \$2,943.46. The next transaction, 28th, 10,000 cash with-
10 drawal, do you have any backup document on that?

11 (Discussion off the record.)

12 BY MR. NIELDS:

13 Q This goes to Bermuda.

14 MR. JANIS: Looking at document H-661.

15 THE WITNESS: I don't know what that is. The back-
16 up documents don't help me.

17 BY MR. NIELDS:

18 Q I want to make sure I understand that. If it goes
19 to CSF Investments Limited in Bermuda, wouldn't that indicate
20 that it went to CSF to be invested on your behalf?

21 A Not necessarily.

22 Q What other purpose would money go to ^{CSF}~~CSF~~ Investments
23 Limited in Bermuda?

24 A For investment on someone else's behalf, for
25 instance, Korel.

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1 Q But it is credited on the ^{CSF}~~CS~~ documents to your
2 capital account rather than Korel's.

3 A I am saying maybe I ordered it, and because I
4 ordered it, they simply reflected it in my account.

5 Q I understand that.

6 A I do not know of any investment that I have except
7 those that I have testified to about the reserve investments.

8 Q I take it that this is not an expense so far as you
9 know?

10 A It doesn't appear to be. It does not appear to be an
11 expense.

12 MR. ZANARDI: Could I make a statement, whether it
13 goes into the investment account or whether it goes into the
14 companion account, they are interchangeable, so moving them
15 from one account to the next account, you never know whether
16 it is a matter of convenience, the way they transferred it to
17 New York, or --

18 THE WITNESS: That is true.

19 BY MR. VAN CLEVE:

20 Q But it is not correct to say this is a cash with-
21 drawal. That is not your testimony that it is a cash with-
22 drawal.

23 A You are exactly correct. I do not recall that I
24 withdrew cash. I simply do not understand this Hamilton,
25 Bermuda being credited with it. Here it says "cash with-
drawal", and then, as you mentioned, they interchangeably

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1 use the investment company.

2 BY MR. NIELDS:

3 Q Let's get going. You don't know what that is?

4 MR. JANIS: I think what he is saying here is the
5 fact that these transactions appearing in this ledger doesn't
6 necessarily mean that the ledger is accurate. We didn't
7 prepare the ledger. It doesn't mean it is inaccurate, but it
8 doesn't mean it is accurate. If he ordered a transaction from
9 CSF, it is entirely possible that Farina could have credited
10 it to his account when it should have been credited to some-
11 body else's account.

12 MR. VAN CLEVE: But wouldn't it be fair to say as
13 to CSF Investments Limited as a normal matter, if money comes
14 through there, it is for investments of some kind? It is
15 not for cash payouts?

16 THE WITNESS: That is the logical conclusion, but
17 that doesn't mean it is the way the CSF financial system works,
18 as Lou says. We have seen that in many other transactions.
19 They use whatever facility they have that is efficient at
20 the time that they want to perform that certain transaction.

21 Going to the next one, the 7,000 cash withdrawal,
22 Lou, do you have any backup document on that?

23 BY MR. NIELDS:

24 Q It says CSF Geneva.

25 MR. JANIS: Looking at H-1758, this record simply

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1 indicates that 7,759 was transferred from Lake Resources --

2 MR. NIELDS: The only question is whether it
3 refreshes his memory.

4 THE WITNESS: It does not.

5 MR. JANIS: We are now looking at H-1760, a hand-
6 written note. This is one we have looked at previously.

7 MR. ZANARDI: I think Korel is in there, if you
8 read through those papers.

9 MR. JANIS: For the record, this note indicates
10 that at Albert Hakim's request we gave cash --

11 MR. NIELDS: Let him just read it to refresh his
12 memory.

13 MR. JANIS: I want this to be on the record,
14 \$7,000 to some cat.

15 THE WITNESS: This is category, I believe, isn't
16 that a point?

17 MR. JANIS: That is period.

18 THE WITNESS: Short for category?

19 MR. JANIS: No.

20 THE WITNESS: What is the date on this?

21 MR. JANIS: September of 1985.

22 THE WITNESS: Mr. Nields, during that period of
23 time, do you recall if there were any incidences with the
24 operations of the contras? I am not talking financial, but
25 operationally. Did anybody die, get killed?

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1 MR. NIELDS: You may have bought a Maule airplane
2 at about then.

3 THE WITNESS: No, that would have been a direct
4 transfer. We made a payment to a funeral home at some date
5 that I don't remember. I believe it had to do with when the
6 aircraft was shot down.

7 MR. NIELDS: That is a year later.

8 THE WITNESS: I don't know, but I see here Trade
9 Development Bank, and, again, I would like to say since the
10 only relation that I know had to do with Trade Development,
11 maybe paid the bill. But I don't see why they refer to it
12 as cash. This completely throws me off.

13 BY MR. NIELDS:

14 Q You don't know what that is, but you think it
15 might have something to do with American Express, is that it?

16 A Exactly.

17 Q Let's go to the next one.

18 A As a matter of fact, it may really be that, because
19 here I see in the last document it says "Trade Development
20 Bank Geneva".

21 BY MR. ZANARDI:

22 Q Would that be personal?

23 A No, that would be the company expense, American
24 Express company expense.

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1 BY MR. NIELDS:

2 Q Because of the timing, the Iran Initiative had not
3 begun yet, I take it that would make it contra?

4 A That makes sense.

5 Q Okay.

6 A The next transaction, 11,500. Do you have any
7 backup document with that?

8 Q We may have something^h on this.

9 (Discussion off the record.)

10 BY MR. NIELDS:

11 Q Back on the record. The \$11,500 entry for September
12 23, you are not certain what that is?

13 A No. The next transaction, 9,500, is contra.

14 Q All right, next?

15 A I categorize the next transaction of the \$5,000
16 as before --

17 Q You are not sure what it is?

18 A Since it is small, it could be company expenses,
19 enterprise expenses, or personal.

20 Q I think the next page should go more rapidly. I
21 have a feeling you will know more of them. There are some
22 large ones here that are obviously important to us.

23 (Recess.)

24 MR. NIELDS: Back on the record. We are over to
25 page H-965 of Exhibit 1.

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1 BY MR. NIELDS:

2 Q There is an entry October 4.

3 A Personal.

4 Q That is for the \$1,500?

5 A Right.

6 Q The amount under that is 2,000.

7 A I categorize it again as expenses that can be
8 attributed to any of the entities I testified to earlier.

9 Q Okay, the next item is \$102,000.

10 A Could I have some backup document on that?

11 Q Abu Dhabi.

12 A Yes, I think I know.

13 MR. JANIS: Page 604.

14 THE WITNESS: That is STTGI. There should be a
15 reflection of this in the STTGI books.

16 BY MR. NIELDS:

17 Q So I take it that is a payment that is equally for
18 your and Mr. Secord's benefit?

19 A Effectively.

20 The next item, 2,000 --

21 Q I am sorry, I think maybe we ought to get just a
22 little more detail about that \$102,000 to Abu Dhabi for the
23 benefit of STTGI.

24 A STTGI needed money for its expenses to perform at
25 the same time services for certain UAE companies. If you

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1 want to go into the details of what services we rendered, I
2 will be more than happy to do that when you want, and they
3 did not pay us, and we took the money out of the enterprise
4 and paid STTGI to compensate STTGI for those expenses.

5 Q When you say he took money out of the enterprise,
6 who was he?

7 A I said we.

8 Q Oh, we, sorry. All right. The next item.

9 A This, by the way, should have come out of SciTech.
10 Again, this is a misallocation.

11 Q Okay, next item, \$943.40. Is that an expense item?

12 A Expense item, I would say contras. It says Suisse
13 francs, 2,000. So it was moneys paid for the expenditures
14 there.

15 Q Okay, next item is \$43,030.

16 A Can you give me some backup document on that please?

17 Q Republic National Bank in New York.

18 A A day apart there is also another 20,000. The
19 next day is 20,000 maybe the same.

20 Q Our backup on the \$43,000 amount simply shows that
21 it went to Republic National Bank.

22 A So I won't be able to -- did you say you had somethin
23 on the 20,000? The same way. Really it doesn't have any
24 more information in here.

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25 MR. JANIS: Looking at H-1726 and 1729.

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1 THE WITNESS: It doesn't have additional informa-
2 tion.

3 BY MR. VAN CLEVE:

4 Q Could I just ask, Mr. Hakim, did you keep any kind
5 of an accounting record of your own with respect to these
6 expenditures?

7 A No.

8 Q Outside of CSF?

9 A No, I didn't.

10 Q And, to your knowledge, did they keep sub-account
11 numbers on their books? In other words, let's suppose you
12 had an expenditure for the contra program. Would they have
13 had a series of numbers to show what category of expenditure
14 was being made? Would those be reflected, for example, on
15 these telexes?

16 A Not necessarily, no, because I testified
17 that I made an attempt to get to that point at a later date.
18 but earlier it was not done.

19 Q So that the numbering on the telexes is not going
20 to tell us anything about the accounting classifications.

21 A To the best of my knowledge, no. It has no
22 substance really.

23 BY MR. ZANARDI:

24 Q This is their indication from the Republic National
25 Bank. It says "repayment of line of credit." Would that

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1 refresh your memory any?

2 MR. WECHSLER: Which month is this on?

3 MR. SABA: This is the 13th.

4 THE WITNESS: The only thing that this would indicate
5 to me, that this was from their -- if you check the National
6 Republic Bank records, see if this has gone to STTGI, then it
7 means it was paid as part of the line of credit that CSF
8 had provided us.

9 MR. JANIS: You also should check to see whether CSF
10 had its own line of credit with Republic National Bank,
11 which I assume it does.

12 BY MR. NIELDS:

13 Q Mr. Hakim, I am going to divert your attention
14 just for a moment.

15 MR. JANIS: There is another so-called diversion.

16 BY MR. NIELDS:

17 Q This is another matter of considerable importance
18 to the committee, so I would ask you to try and search your
19 memory as much as you can on this. How did you first learn
20 of an Iranian Initiative?

21 A I believe when Mr. Secord asked me if I knew a
22 certain Ghorbanifar, without referring to any Iranian
23 Initiative, I asked him if it was Manucher Ghorbanifar, and
24 I don't believe what his answer was.

25 MR. JANIS: You don't believe or you don't remember?

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1 THE WITNESS: I don't remember what his answer was,
2 and I told him if it were Manucher Ghorbanifar, I knew him
3 when he was a SAVAK agent and also he was recruited by the
4 Israelis, and he told me, no, it could not be the same person.
5 That was his answer, and then a few days later, he gave me a
6 bunch of numbers, telephone numbers, and asked me to trace
7 this man in Paris, and because he had difficulty locating him,
8 and I believe at that time he shared with me a little bit of
9 what was going on, that they were trying -- he tried to
10 remain secretive, but then he had to tell me something so
11 I could help him. That is when I started to trace Ghorbanifar,
12 and this was one of the times that I believe in his testimony
13 Mr. Secord said that he would disappear off the scope and they
14 would make a search.

15 BY MR. VAN CLEVE:

16 Q When was this, if you remember?

17 A I don't remember the date.

18 BY MR. NIELDS:

19 Q Where were you when he first asked you this?

20 A I think I was in California. Oh, when he asked me
21 if I knew Ghorbanifar? I don't remember that, where I was,
22 but I do remember trying to trace Ghorbanifar from my home in
23 California.

24 Q What is your best recollection of when you had
25 these conversations?

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1 A I would say late '85. I believe it was late '85.

2 I am not sure.

3 Q Where was Mr. Secord at this point?

4 A Or early '86. I think he was calling me from
5 Washington or Vienna, from our offices there.

6 Q Not from overseas?

7 A No, I don't think so, no.

8 Q Let me get at it this way, if I can. One of the
9 entries in these records is a \$1 million deposit into the
10 Lake Resources account in November of 1985.

11 A Yes.

12 Q That was apparently put there by the Israelis.

13 Were you aware of that deposit when it occurred?

14 A You mean aware that such a deposit had occurred?

15 Q Yes.

16 A If Richard would have told me to expect a receipt,
17 a deposit, I would simply watch for it, and inform him when
18 we received it, because we had a lot of cases as such that
19 he would call me and say "Expect to receive such and such
20 amount."

21 Q My question is, do you remember receiving a \$1
22 million deposit in connection with Iran?

23 A No.

24 Q Not at all?

25 A Do you remember a time when Mr. Secord went to

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1 [REDACTED] assist on an Iranian transaction?

2 A I think I learned about that much later, when I
3 was briefed on Ghorbanifar, that at the time that he took
4 the trip or shortly after that, no, I was not informed about
5 it, but later I believe he told me. I don't remember when.

6 Q To the best of your memory, was the conversation in
7 which he asked you if you knew Ghorbanifar, did that happen
8 before or after his trip [REDACTED]

9 A I believe after.

10 Q So you were not aware at the time he went [REDACTED]
11 [REDACTED] that there was any transaction involving Iran?

12 A No.

13 Q Or even that there might be such a transaction?

14 A No, I was not aware of that.

15 Q When did you first learn why he was interested in
16 Ghorbanifar?

17 A You are asking for the date?

18 Q Well, if you can give us an approximate time, how
19 long after he first questioned you about it?

20 A It is just a wild guess. Maybe a few weeks later.

21 Q And what did he tell you then?

22 A As to why he was interested in Ghorbanifar? I can't
23 recall really if he was -- he was not specific. He simply
24 asked me if I knew about the man, and normally -- I have already
25 testified to this, normally I tried not to question Secord

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1 too much. He reacts to that.

2 Q What I am asking is how did you find out that there
3 was a transaction with Iran that was going to involve arms
4 and hostages?

5 A When I got involved in Frankfurt.

6 Q Not before then?

7 A Before that I started to sense that there was
8 something going on, when he asked me to trace the man, I
9 started to deduct and speculate.

10 Q Hadn't there been an actual shipment of arms before
11 you went to Frankfurt?

12 A I was not aware of it.

13 Q You must have been aware of a \$5 million deposit
14 into the Lake Resources account.

15 A Did that occur before the February meeting?

16 Q More like a week before, I would say.

17 A I don't recall if I connected that to the Iranian
18 Initiative. I don't remember that. I may have.

19 Q There was a payment out of the Lake Resources
20 account in November of '85 to [REDACTED] \$127,000.
21 Was that a payment that you were aware of at the time?

22 A Not at the time.

23 Q Is that one that Secord would have had the authority
24 to advise Zucker and have him pay, or would he have had to
25 go through you?

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1 A I would say either way it could have happened. It
2 could have happened either way.

3 Q But if he went through you, he would have just
4 instructed you, and you would have followed without asking
5 questions?

6 A That is correct.

7 Q Okay, let's return to the ledger. I think we just
8 covered the \$43,000 --

9 A And the \$20,000.

10 Q And both of those are question marks, I take it?

11 A Right.

12 Do you have anything on 25? The same thing for the
13 25. Anything for the 21, Lou? Again, the same thing? So
14 the answer is again question mark.

15 Q I don't think this is going to help you. This is
16 all we have on it.

17 MR. JANIS: H-1713.

18 THE WITNESS: More of the same thing. It doesn't
19 have any indication that would say. It doesn't help me.

20 The next two transactions, \$9,529.32, and the
21 \$4,098, they are both personal to me, my benefit.

22 The next one, the 5,000 Swiss franc action, that
23 corresponds to 2,386.63, simply because it is Swiss francs,
24 and it says "cash withdrawal", I would attribute that --

25

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1 BY MR. ZANARDI:

2 Q That has Second on it.

3 MR. JANIS: H-569.

4 THE WITNESS: That is what I was about to say.

5 It is not necessarily to be charged to me. This is a contra
6 expense.

7 MR. JANIS: For the record, H-569 is a receipt
8 showing that \$5,000 was signed for by Richard -- excuse me,
9 5,000 francs was signed for by Richard Second.

10 THE WITNESS: Same date?

11 MR. JANIS: Yes. This was apparently attributed to
12 your account.

13 THE WITNESS: Exactly. This is a contra or Iran
14 expense.

15 MR. WECHSLER: We are still in 1985?

16 THE WITNESS: Yes. It could have been both.

17 MR. NIELDS: No, it could be Iran at that point.

18 THE WITNESS: It could be Iran at that time. This
19 is another sign of the misallocations.

20 Cantor/drg
21 end
22 Boyum fols.

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BOYUM 1 BY MR. NIELDS:

CAS 2 Q Next.

4:15 3 A I think --

4 Q I am sorry. I am going to go back. Why is it

5 that you say the \$9,529 and the \$4,000 transfers are

6 personal?

7 A It is for my insurance premium. You see Vita?

8 Q Yes.

9 A From the times that I lived in Switzerland. I have

10 my life insurance purchased there. That is the name of the

11 insurance company.

12 Q Okay. Next?

13 A Now, my understanding for the next item is that

14 they had not credited my account for Phase I, II, III of the

15 contra sales and for that amount they finally credited my

16 account. That is the best way I can describe that.

17 MR. JANIS: You are referring to the figure of

18 \$82,031.09?

19 THE WITNESS: Yes, that says "balance of account,

20 Phase I, II, III."

21 BY MR. NIELDS:

22 Q So that is personal, that is investment for you?

23 A That is the best way that I can deduct.

24 MR. JANIS: Wait a second.

25

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1 THE WITNESS: It may not be personal. See, there
2 are -- as I --

3 BY MR. NIELDS:

4 Q If these are transfers that relate to the balance
5 of Phase I, II, and III, I take it that means --

6 A I should be getting it.

7 Q -- whatever your share of the commissions on the
8 first three arms sales to the contras somebody, you are
9 owed more money and this is the amount and it is evening up the
10 accounts.

11 A But it doesn't mean that I got it because if you go --
12 they were A.H. accounts for different purposes with sub-
13 titles. They may show in this ledger that it went to A.H.,
14 but I actually don't know where it ended up.

15 Q But it should have gone to an account for your
16 personal benefit.

17 A That is what I testified, but I am saying that it
18 may not.

19 MR. ZANARDI: Just one. The point is that this is
20 invested in CSF for you; right?

21 THE WITNESS: It should have.

22 MR. WECHSLER: Should be, yes.

23 THE WITNESS: Whether they actually did it or not,
24 we need to further investigate.

25 MR. ZANARDI: When you begin to calculate the

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1 reserve for the enterptise, this is not part of that reserve?

2 THE WITNESS: That was not -- exactly, you are
3 right. The reserve was annotated differently when I instructed
4 them.

5 MR. ZANARDI: Okay.

6 BY MR. NIELDS:

7 Q Next item, \$100,800.

8 A Same answer, except it refers to Phase IV.

9 Q Just the fourth arms transaction?

10 A Yes.

11 Q May 1986 now.

12 MR. ZANARDI: I have good back-up this time.

13 THE WITNESS: No, that one I know. Personal. My
14 attorneys in San Francisco.

15 By the way, for your better understanding, Bob
16 Gooding and Howard Grise is the same law firm.

17 MR. VAN CLEVE: That the Mellick firm?

18 THE WITNESS: No. This is Howard, Grise and a
19 bunch of other names.

20 Next transaction is --

21 BY MR. NIELDS:

22 Q \$165,000 on February 2.

23 A I need some back-up documents on that.

24 MR. ZANARDI: How about if I tell you what happened?

25 THE WITNESS: Tell me.

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1 MR. ZANARDI: The 165,000 goes to Bermuda, the
2 same day -- it is part of an overall transaction in which
3 Korel is also credited \$165,000.

4 THE WITNESS: If you have such a documentation,
5 does that date correspond to the time of the distribution of
6 the profits?

7 MR. ZANARDI: When I --

8 THE WITNESS: Let me ask the question differently,
9 is there a shipment that when you chop it up between the
10 interested parties, the 165 constitutes a certain percentage?

11 MR. ZANARDI: Yes, I think so.

12 THE WITNESS: If you have such a back-up document,
13 then it is my share of the profit.

14 MR. ZANARDI: I have that in the records. This is
15 Hakim document H-1540.

16 MR. VAN CLEVE: The witness is examining H-1540.

17 THE WITNESS: It makes sense, Lou, your analysis
18 makes sense.

19 MR. ZANARDI: Okay. When you see this, what does
20 this mean, leave in the account? To the best of your understandi
21 what is that?

22 MR. JANIS: Looks like INV.

23 THE WITNESS: Invoice account.

24 MR. ZANARDI: Does that have investment there?
25

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1 THE WITNESS: Oh, yes, investment account. This is
2 CSF's handwriting.

3 MR. ZANARDI: This would be just like the other
4 transactions. Yes, it is CSF handwriting.

5 THE WITNESS: So that is the investment account.

6 BY MR. NIELDS:

7 Q I take it the answer on the 165,000 is to the best
8 of your understanding that is a profit distribution?

9 A Yes, sir.

10 Q To you?

11 A Yes.

12 Q The next transaction?

13 A Do you have any back-up? \$1,351.42. It appears to
14 be an expense because it says cash withdrawal, so it must be
15 against a certain invoice, a certain expenditure for the
16 companies, one of the companies.

17 MR. NIELDS: I don't have anything.

18 MR. JANIS: Looks like about 2,000 Swiss francs,
19 isn't it?

20 MR. NIELDS: It is February 19.

21 MR. VAN CLEVE: There is no back-up noted here.

22 MR. NIELDS: We don't have any back-up.

23 THE WITNESS: It must be a company expense because
24 of the exact figure of \$1,351.42.

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1 BY MR. NIELDS:

2 Q Okay. Next.

3 A Here we come to --

4 MR. JANIS: Is that part of the enterprise?

5 THE WITNESS: Part of the enterprise, that is what I
6 meant.

7 MR. JANIS: Off the record.

8 (Discussion off the record.)

9 MR. NIELDS: Let's go back on the record.

10 THE WITNESS: The next item refers to CSF investment,
11 A.H. sub-account and the amount is \$2 million. This is what
12 I have referred to in the chart that we talked about a couple
13 days ago as the reserve that I classified as reserve, General
14 Secord classified it as self-insurance money.

15 BY MR. NIELDS:

16 Q Finish your answer, and then we will have a
17 question.

18 A It is a set aside money for reserve for the
19 enterprise. I classified it differently than General Secord.
20 General Secord needed the money at that time to be set aside
21 because he had to get the aircraft for shipment of the
22 arms that we were about to make and we had to have insurance.
23 The Israelis needed to have a guarantee so we set that aside.
24 But as a businessman, I also took into consideration that
25 one possibility is that we have to pay the Israelis if the

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1 plane should go down and the other possibility is we don't have
2 insurance, so it is best to classify it as reserve, not as
3 insurance money. That is why in my little chart there I
4 showed CSF investment reserve. So this is the sub-account
5 A.H., \$2 million.

6 Q Do you have a question, Lou?

7 If you don't, I do.

8 MR. ZANARDI: I have just one question, but why
9 don't you ask yours. Mine goes with something else.

10 BY MR. NIELDS:

11 Q What I don't understand is why this money
12 was transferred at that time? It says March 5, it was
13 transferred into a A.H. sub-account, \$2 million. Why was
14 it transferred at that time?

15 A I cannot answer the question why at that time. That
16 is the time that General Secord told me to set aside that
17 sum of money.

18 Q Let me sharpen the reason why I am asking you the
19 question. If General Secord asked you to set the money aside
20 to cover the possible loss of the Israeli plane, the timing
21 is odd because the plane had already flown the mission and
22 come back.

23 MR. JANIS: I think if I understood General Secord's
24 testimony he said that is the reason that the two million
25 dollars was built into the price. Once the plane --

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1 MR. NIELDS: No, that wasn't his testimony.

2 MR. JANIS: My understanding is that is what he
3 said.

4 MR. NIELDS: He said it was put in a CD.

5 THE WITNESS: When actually was the shipment made?

6 MR. NIELDS: Two shipments were made both in
7 February.

8 THE WITNESS: Late February?

9 BY MR. NIELDS:

10 Q Yes.

11 A So it may very well be. I cannot be sure. It may
12 well be that I was not present and --

13 Q Let me sharpen my question and see if this helps
14 any. Is it possible that this money was transferred out of a
15 CD and/or a call account and into a reserve after the plane
16 had flown the mission when it was no longer needed for insurance

17 MR. JANIS: Let me see, before you answer, do you
18 have any indication that there was a CD?

19 MR. ZANARDI: Yes, I do. That is one of the points
20 I was trying to make. I think there was both a CD and a set
21 aside for the reserve at the same time. We have a CD account
22 that ran a balance pretty close to the \$2 million all the way
23 through. That was at Hyde Park.

24 MR. NIELDS: I have got a composite list somewhere in
25 here.

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1 MR. ZANARDI: Can I ask my other question?

2 MR. NIELDS: Sure. Go ahead.

3 MR. ZANARDI: How did this transaction work in terms
4 of transferring the money to CSF? Was it a -- I thought the
5 records looked like there was a cash withdrawal for
6 twelve million, you put three million into one of your
7 accounts and I see two million that seemed to just disappear.
8 Did you --

9 THE WITNESS: I understand what you are saying. You
10 lose track of \$2 million.

11 MR. ZANARDI: Yes.

12 THE WITNESS: If you go back, Lou, and check, you
13 should see an expense about that time paid to the bank for us
14 to cash that much money out.

15 MR. ZANARDI: Right.

16 THE WITNESS: So when you see such a -- my guess is
17 I can't remember correctly, but the cash out is \$2 million,
18 it would have cost us approximately \$20,000 or something,
19 about that much, to cash that kind of money out. That is
20 what we have to pay to the Swiss bank. That is how we
21 manage to lose the traceability of the monies.

22 MR. NIELDS: Let's go off the record for a moment.

23 (Discussion off the record.)

24 MR. NIELDS: Back on the record.

25 THE WITNESS: I believe, Mr. Nields, your analysis

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1 might be closer to actually what happened.

2 BY MR. NIELDS:

3 Q Let me say, Mr. Hakim is referring to an analysis
4 that I disclosed to him off the reocrd, I think, but in any
5 event, he will say what it is.

6 A Your analysis --

7 MR. JANIS: To the best of your recollection.

8 THE WITNESS: Yes, to the best of my recollection,
9 your analysis is correct that there was indeed that sum of
10 money, \$2 million, in certificates of deposit and later we
11 transferred it into an investment account simply to have
12 maximum income. You would have had more income from the
13 investment activity rather than the CD activity and I believe,
14 again, at that time it had become more apparent that the
15 enterprise would be more involved in dealing with Iran, so
16 we wanted to make sure that the money was completely set aside
17 for reserve purposes.

18 MR. ZANARDI: Did -- once you made the investment,
19 the money into the investment account, did that make it less
20 liquid, less ability to get cash real quick than if you would
21 have had it in a CD?

22 THE WITNESS: Not necessarily.

23 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

24 BY MR. VAN CLEVE:

25 Q Let me ask a couple of follow-up questions.

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1 As I understand it, the purpose of having a
2 \$2 million account to self-insure is the shipment would be in
3 the event the plane was lost the Israelis could be
4 reimbursed for the value of their airplane? Is that correct?
5 A And the goods probably.
6 Q No, the goods were clearly worth more than the \$2
7 million.
8 MR. NIELDS: Also the Israelis didn't own the goods.
9 BY MR. VAN CLEVE:
10 Q So the first question I have is did you ever put a
11 lock on any account in favor of the Israelis?
12 A No, no.
13 Q So there never was an insurance policy issued in
14 favor of the Israelis, was there?
15 A Not that I know of, no.
16 Q Okay. So was there ever any document sent to the
17 Israelis to demonstrate to them that \$2 million had been set
18 aside in an account, to your knowledge?
19 A To my knowledge, it was all done orally.
20 Q So they basically took your word for it --
21 A Not my word.
22 Q Then whose word?
23 A General Secord's.
24 Q They took General Secord's word?
25 A I had absolutely no contact with the Israelis.

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1 Q So they took General Secord's word that \$2 million
2 had been set aside somewhere to protect their airplane?

3 A Yes.

4 Q And they were willing to do business on the basis of
5 that kind of oral assurance?

6 A This is what General Secord told me.

7 Q Okay. To your knowledge, were any of these arms
8 ever insured, the arms themselves?

9 I know yesterday we talked about insurance for the ship
10 You went out and got insurance for the ship that Dolmy bought
11 and you told us that you thought the insurance must be at
12 least -- that the purchase price of the ship was the minimum
13 face amount of the insurance.

14 To your knowledge, were any of the weapons that were
15 sold to Iran ever insured for any amount?

16 A I have no idea. I don't know.

17 Q It would have been a very substantial expense,
18 wouldn't you agree, to ensure those weapons? These were
19 millions of dollars worth of weapons.

20 A I don't know.

21 Q As a businessman I think you can agree that it would
22 cost --

23 A I don't even know if insurance companies insure --

24 Q These are just goods, Mr. Hakim, millions of dollars
25 of goods. And as a businessman, surely you can agree that it

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1 would have cost a great deal of money to insure these weapons
2 against loss in that situation.

3 A What I am saying is I am not an
4 insurance expert. I don't know whether insurance companies
5 insure ammunition, arms and so on. I have no idea. I don't
6 know.

7 Q Let me put it to you this way.
8 If you were shipping goods to Iran, would you
9 try to insure them against loss in transit?

10 A What goods?

11 Q Say medical supplies?

12 A Definitely.

13 Q You would be concerned if they were lost over the
14 Arabian Sea that --

15 A It is a normal practice, yes. A practice that you
16 always do. Even based on my experience when you give a
17 price to a client for goods, you give it on a CIF basis which
18 is cost, insurance, and freight. Insurance is a very important
19 part of this, but I have no idea how the arms business is
20 handled in connection with insurance.

21 Q You did tell us that you went out and got insurance
22 for the ship Dolmy bought even though it was going to be
23 engaged in very hazardous activity. You went out and insured
24 it, didn't you?

25 A Yes.

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1 Q And you told it was very expensive because it was
2 engaged in hazardous activity; correct? I believe that was
3 your testimony?

4 A I don't recall what the context these questions
5 were asked, but whether it was expensive, what documents
6 I was shown.

7 Q To your knowledge, were the arms themselves ever
8 insured by the enterprise in any way?

9 A I am not aware of any such insurance.

10 Q Okay. Has General Secord ever mentioned to you the
11 need to insure the arms against loss in transit?

12 A Not that I can recall.

13 Q Or against theft?

14 A Not that I can recall.

15 Q Thank you.

16 A You are welcome, sir.

17 MR. JANIS: Just to clarify things, at one point Mr. Hakim
18 indicated he didn't have any contact with the Israelis. I
19 think he meant that in the context of your question because
20 he has already testified to having been present in a meeting
21 in February of 1986 when there were Israelis present and at
22 other instances in which he met with the Israelis; is that
23 correct?

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24 THE WITNESS: The only time that I remember to have
25 been in contact with Israelis was in the February meeting

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1 that Mr. Nir was there, but I would not even say that I was
2 in contact with him. He was present in the meeting.

3 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

4 BY MR. NIELDS:

5 Q Are you aware of any documents that would reflect
6 this transfer of the \$2 million into the custody of CSF?
7 We don't have any.

8 MR. ZANARDI: I couldn't find any.

9 MR. NIELDS: There are no documents that reflect
10 this transfer other than the ledger?

11 MR. ZANARDI: As I explained before, when you cashed
12 it and you lose the trail just like you wanted us to do,
13 and if it wasn't for the ledger we wouldn't know what
14 happened to that \$2 million. We are not even sure. But
15 don't they give you some type of documentation that you have
16 invested \$2 million in a CD or anything with CSF?

17 THE WITNESS: Wouldn't you defeat the purpose if you
18 did that?

19 MR. ZANARDI: No, no, just for yourself.

20 MR. JANIS: For his purpose the information was on the
21 ledger and I think he has testified that he had complete
22 confidence in the integrity of CSF.

23 THE WITNESS: There is no question about that. But
24 to answer your question, if you could go back and document
25 it, why go through the trouble of spending the --

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1 MR. NIELDS: Let's not argue, the answer is yes or
2 no, either you know of documents or you don't know of
3 documents.

4 MR. VAN CLEVE: Other than what you have produced,
5 are you personally aware of any documentation that would
6 corroborate this \$2 million transfer?

7 THE WITNESS: There should be -- I think I have
8 testified to this either yesterday or the day before that there
9 should be fiduciary agreements in connection with that.

10 BY MR. NIELDS:

11 Q Particularly in connection with the \$2 million
12 transfer?

13 A Not "transfer"; "investment".

14 MR. VAN CLEVE: Mr. Nields was not here during the
15 period when Mr. Liman and I questioned him about this, but
16 you did tell us there should be what I think Mr. Liman called
17 testamentarian instructions with respect to the \$2 million.
18 Are those the documents you refer to?

19 THE WITNESS: No, no, I am talking about fiduciary
20 agreements for investment.

21 MR. VAN CLEVE: Those were parallel documents that
22 were executed at about the same time; is that correct?

23 THE WITNESS: You are talking about the-- about
24 what I referred to as will?

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1 MR. VAN CLEVE: Yes.

2 THE WITNESS: I don't know whether they were done
3 at the same time, but to answer the question that Mr. Janis
4 asked, do I know of any other document that would support
5 this transaction, I said there should be -- my answer is
6 there should be a fiduciary agreement that I was a party
7 to that contract and CSF investment would have been the other
8 party to the agreement.

9 That ^hould say \$2 million investment is being made
10 with them under A.H. sub-account whatever it was.

11 MR. VAN CLEVE: Okay.

12 MR. NIELDS: All right.

13 THE WITNESS: We talked about this yesterday, I
14 think.

15 MR. JANIS: Yes.

16 THE WITNESS: Mr. Janis will try to clear that.
17 We went through all this.

18 BY MR. NIELDS:

19 Q Next item, \$28,000, March 18.

20 A It says CSF investment A.H. sub-account. Do you have
21 any back-up documents?

22 If you don't, I don't know what it is. I can
23 guess because it says A.H. sub-account. It could be money
24 invested for --

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25 MR. POINTS. It goes to Geneva, CSF, Geneva, \$28,000.

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1 THE WITNESS: But it doesn't say for what purpose?

2 MR. POINTS: Then the \$50,000 below that says CSF

3 Bermuda.

4 THE WITNESS: What it says is A.H. sub-account. To
5 me, A.H. sub-account -

6 MR. WECHSLER: It just says A.H.

7 THE WITNESS: Sorry. Sorry.

8 My marker just moved up a little bit. I don't know
9 what that is. Do you have any back-up? Your back-up
10 document doesn't say where it goes?

11 BY MR. NIELDS:

12 Q The back-up document says it goes to -- look at it.

13 MR. VAN CLEVE: This is H-225 that Mr. Hakim is being
14 shown.

15 THE WITNESS: Whose handwriting is this?

16 MR. NIELDS: I believe that was on there when we
17 got it.

18 MR. ZANARDI: That is CSF's.

19 MR. JANIS: You sure?

20 MR. ZANARDI: Yes.

21 MR. POINTS. It is not ours.

22 Anything we put on would be down at the bottom.

23 MR. ZANARDI: This is the other one.

24 THE WITNESS: March. I can't recall in March,
25 March 18, 1986, I can't recall receiving any money in

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1 cash. It doesn't even say where. It says cash to Hakim.

2 I have no idea what that is.

3 BY MR. NIELDS:

4 Q There is a \$50,000 transfer on the same day.

5 A To where?

6 Q Move our marker down.

7 A Okay.

8 Q That is a substantial sum of money that was
9 transferred all on the same day. This one goes to Bermuda,
10 it appears.

11 A Do the dates, Mr. Nields, correspond to any of the
12 shipments that could have been distribution of profit?

13 Q There definitely were shipments in March of 1986.

14 A I am talking about contra shipments.

15 Q I understand. That is what I am talking about, too.
16 But this is not a distribution of -- there are no
17 corresponding transfers into the accounts of any of the
18 other parts.

19 A Then I definitely would say either they are adjusting
20 their accounts that they had not been adjusting as a result of
21 our inspection, or this is an expense.

22 Q Do you recall any expenses in this amount, \$78,000?

23 A When I say "expense", I don't mean a bill for
24 \$78,000, it could be cash given to General Secord for the
25 purpose of the contras.

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1 Q So you are not certain on either of these?

2 A No.

3 Q Okay. Next item.

4 A Okay.

5 Q \$72,580 on the 17th of April.

6 A Do you have any back-up document on that?

7 MR. ZANARDI: Yes.

8 MR. JANIS: H-904. The handwritten part says

9 "amounts received by A.H. totalling \$72,580".

10 MR. WECHSLER: It is apparently also 136,000 Swiss

11 francs.

12 MR. JANIS: From Albon Values Corporation.

13 THE WITNESS: I don't know.

14 MR. JANIS: What is the date?

15 THE WITNESS: 17 of April.

16 BY MR. NIELDS:

17 Q Next item.

18 A Do you have any back-up documents? It is a small

19 cash withdrawal.

20 MR. VAN CLEVE: This is H-187 that is being shown to

21 Mr. Hakim. There is a notation appearing to be a CSF notation,

22 "to cover withdrawal in cash of A.H."

23 THE WITNESS: And it comes from Hyde Park. I would

24 say -- this is what, April? I don't believe we have gotten

25 organized by then.

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1 I would allocate that to the Iranian expense. I
2 don't know.

3 BY MR. NIELDS:

4 Q Okay. You are not certain, but you think it is
5 Iran?

6 A Yes.

7 Q Next item.

8 A Just judging from "Hyde Park". The 15,000 -- do you
9 have a back-up document on that?

10 MR. ZANARDI: Yes.

11 MR. VAN CLEVE: H-903 that should be, that Mr. Hakim
12 is being shown.

13 THE WITNESS: Yes.

14 MR. VAN CLEVE: Dated 4-17-86.

15 MR. ZANARDI: I have the two of them that were
16 together. They are both 4-17.

17 MR. VAN CLEVE: The witness is being shown now H-187
18 as well as H-903.

19 THE WITNESS: What was that chart, what was
20 Albon for?

21 MR. NIELDS: That was a Central American operating
22 company.

23 THE WITNESS: I don't know. Beats me really. If
24 it is the same day, they have made transfers and they show it
25 has gone through my pipeline from two different accounts to

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1 me, indicates that that should be charged to, Albon should
2 be charged to the contras and the Hyde Park, 3,000, should be
3 charged to Iran. That is the only conclusion that I can
4 come to.

5 BY MR. NIELDS:

6 Q Next one, cash, Passeport U.S.

7 A Absolutely no understanding why they need Passeport
8 U.S.

9 Do you have something there?

10 MR. VAN CLEVE: I am showing Mr. Hakim H-99. There
11 is a term spelled p-a-s-s-e-p-o-r-t. Does that help at all?

12 THE WITNESS: No.

13 MR. VAN CLEVE: I thought it might be the same. Do
14 you recognize that signature, if that is what it is, on this
15 document?

16 MR. JANIS: Looks like T. Clines'.

17 THE WITNESS: Tom Clines would never put his right
18 signature on any piece of paper.

19 MR. JANIS: That is what it looks like, though.

20 THE WITNESS: Not him. No. What is this? It
21 doesn't really help me.

22 MR. VAN CLEVE: Okay.

23 MR. JANIS: What date is that, I am curious.

24 MR. VAN CLEVE: From Albon Value, April 17, 1986.

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1 BY MR. NIELDS:

2 Q The answer is you don't know what that^{is} about?

3 A No, I don't.

4 Q Okay. The next one, \$26,490 on May 20, that is part
5 of a 30-30-30-10 split.

6 A Then it must be profit distribution for my benefit.

7 Q Next one is \$10,000, sub-account one.

8 A You have to see what that sub-account is when we
9 get the additional documents.

10 Q From CSF you are talking about?

11 A From CSF, yes.

12 Q All right. We eagerly await that.

13 MR. JANIS: Let's go off the record.

14 (Discussion off the record.)

15 MR. NIELDS: Let's keep going.

16 BY MR. NIELDS:

17 Q The next item is a \$60,300 item.

18 A Do we have any -- does that correspond to any
19 profit distribution date?

20 MR. POINTS. No.

21 MR. NIELDS: Show him that.

22 MR. VAN CLEVE: This is H-175 we are showing Mr.

23 Hakim. I wonder if that jogs your memory. If you know,

24 Mr. Hakim, were redactions made in the document before it

25 was produced to us?

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1 Have you ever seen that document in a different
2 form?

3 THE WITNESS: This is the first time I have seen this.
4 I don't know what this blacked-out area is.

5 I don't see any annotation, any remarks on this
6 document that would help me. Sorry.

7 MR. VAN CLEVE: Okay.

8 BY MR. NIELDS:

9 Q This is just about at the time of the McFarlane
10 trip to Tehran.

11 A You are talking about this \$60,000 amount?

12 Q Yes.

13 A I don't know.

14 Q In any event, we got another one you may be able
15 to remember, \$500,000.

16 A That I remember.

17 Q Okay.

18 A This is another A.H. sub-account that was set aside
19 for investment purposes. It was not part of the reserve. It
20 was money set aside in anticipation of profits to be made or
21 we were making ahead of time and we were going to make the
22 investments that we talked about earlier for the benefit
23 of STTGI, Richard and I. It should have come from this.

24 Q So this should be a set aside?

25 A It should be a set aside for SciTech.

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1 MR. JANIS: Their question is, are you saying
2 it should have gone into the SciTech sub-account or
3 another sub-account as a set aside for an investment?

4 THE WITNESS: Earlier I said that it is an A.H.
5 sub-account set aside for investment. Then I went further to
6 explain that this investment was for the benefit of STTGI.

7 BY MR. NIELDS:

8 Q So --

9 A And I have further explained the previous testimonies
10 that I made in connection with the wood deal and so forth.

11 MR. VAN CLEVEL: This is the --

12 THE WITNESS: Technically, CSF should have drawn the
13 monies for those investments from this sub-account. Whether
14 they did that or they didn't, I don't know.

15 end #5.
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1 Q Would it be correct to say that you are setting
2 aside enterprise funds here to make some adjustments
3 through SciTech?

4 A Yes.

5 BY MR. NIELDS:

6 Q I know you have answered this three times.
7 SciTech is the offshore mirror of STTGI, is that correct?

8 A That's correct.

9 Q So this is \$500,000 that is taken out of the
10 enterprise for the benefit of you and Mr. Secord
11 equally?

12 A Eventually.

13 Q Was Secord aware of this transfer?

14 A I'm not sure. I don't think so. I am not
15 sure. You mean set aside?

16 Q Yes.

17 A By transfer, you mean set-aside?

18 Q Set-aside.

19 A I don't know. I don't know whether I told
20 him or not.

21 Q The next item is \$10,000.

22 A Lou, do you have any background on that?

23 Q I would like to go back to this \$500,000
24 item. Out of what funds was this \$500,000 set-aside
25 made?

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1 A From the accounts of various companies, I don't
2 know from which account they had the money. I can't
3 recall at this time. Most probably from Hyde Park.

4 Q I take it it was not out of the commissions on
5 the arms sales to the contras?

6 A The document should reflect that. I really
7 don't know how CSF handled it. It is possible, and yet
8 it could have come out of, for instance, Hyde Park.

9 Q It could have come out of the Iranian --

10 A It could, yes, very possible.

11 Do you have a reflection from the bank accounts
12 showing that kind of transfer at that time?

13 MR. ZANARDI: This is a CSF New York bank
14 statement.

15 THE WITNESS: CSF New York.

16 MR. ZANARDI: Right, and what it shows --

17 THE WITNESS: Are you talking about National
18 Republic?

19 MR. ZANARDI: Right. What it shows, it shows
20 the \$500,000 coming in, the \$500,000 going on call from
21 Compania, it goes in under Compania account, and
22 eventually it gets transferred over to the investment
23 account.

24 MR. VAN CLEVE: When you say "eventually,"
25 how long?

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1 MR. ZANARDI: 7-18-5-23.

2 THE WITNESS: Lou, are you telling me the money
3 leaves Switzerland, goes to New York, and comes back to
4 Bermuda; is that what you are saying?

5 MR. ZANARDI: No. It went into the New York
6 account. They have two accounts. They have one for
7 their Bermuda transactions and one for their Swiss trans-
8 actions. The one for their Swiss transactions is the
9 Compania account. The one for the Bermuda account is
10 called CSF Limited, and it went from the Compania account
11 into the limited account.

12 THE WITNESS: But still in New York?

13 MR. ZANARDI: Still in New York, and eventually
14 it gets all pulled out with all that other stuff in
15 December of 1986.

16 THE WITNESS: I see. That is the way they
17 invested it.

18 EXAMINATION BY THE HOUSE SELECT
19 COMMITTEE

20 BY MR. VAN CLEVE:

21 Q Mr. Hakim, I think it is possible that you
22 may not have understood Mr. Nield's last question about
23 the origin of the funds that went into this \$500,000
24 set-aside, so I want to ask you a little further about
25 that. I think Mr. Nields was asking you whether or not

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1 you regarded this essentially as a distribution of your
2 previous profits from the contra arms deal, or whether
3 the money came from some other source, the \$500,000.

4 MR. JANIS: Do you want him to repeat the
5 question?

6 THE WITNESS: I understand the question, but
7 I thought I had answered it. Let me see if I can be more
8 precise.

9 The money could have been invested from the share
10 of the profits from the contra deals, and I said it is also
11 possible that either in part or in total have been taken
12 from other accounts such as Hyde Park. I used that as
13 an example, in anticipation of the profits that we were
14 entitled from the Iranian arms sales. We did not make
15 any distinction.

16 The focus was to set aside money for investment,
17 so how CSF reached out into the different accounts that
18 they had I don't know. That is why I am saying that if you
19 go back to the bank accounts, see where they got it, we
20 can get the answer.

21 BY MR. NIELDS:

22 Q But I take it that it may well be, as I under-
23 stand your answer, that there were no undistributed profits
24 from prior contra arms sales at that time?

25 A The profits were distributed, but they were not

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1 necessarily set aside. The moneys could have been
2 invested.

3 Q Are you saying that there was still left in
4 the enterprise at least \$500,000 in commissions that had
5 not yet been put into the capital accounts?

6 A I didn't say at least \$500,000. I said could
7 have been some money left there, and it is also possible
8 that it was an overdraw from other accounts.

9 We did not focus on that. At that time the
10 focus was on SciTech's STTGI.

11 Q Getting the \$500,000?

12 A Getting into the business of investment, so
13 we did that, and the thought, the rationale, was that
14 they either had moneys still not set aside -- I'm not
15 saying not distributed. I distinguish between setting
16 aside and being distributed. To set that kind of money
17 aside that we thought we needed for the various invest-
18 ments, if you recall my testimony, they asked me how much
19 money I thought we needed for all this investment. I said
20 I thought maybe about \$350,000. Do you recall that
21 testimony? So we had set aside \$500,000 for any possible
22 investment that STTGI would have needed.

23 If you are focusing on whether there was a
24 distinction at that time between the various moneys that
25 we had, the answer is no.

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1 Q Were you advancing it, so to speak, into this
2 set-aside account, against commissions that you would
3 earn in the future on contra arms deals, or were you
4 setting it aside out of Iranian money?

5 A All the above.

6 MR. JANIS: I think what he is trying to say
7 is they set it aside. There may well have been some money
8 on contra arms sales that had not yet been distributed
9 that was part of the set-aside, or there may have been
10 money anticipated on contra arms sales that they were
11 going to use for that purpose, or there was money that
12 they anticipated making a profit on the Iranian arms
13 sales, and that money could have been represented there
14 too.

15 Is that right, Mr. Hakim?

16 THE WITNESS: You are absolutely correct, but
17 you have to understand where I come from. Where I come
18 from was not what is available in the pot. I am coming
19 from we need this much more for investment.

20 BY MR. NIELDS:

21 Q And you were going to get it from wherever
22 you could get it from?

23 A If you like to put it that way, yes.

24 MR. JANIS: And the money was there.

25 THE WITNESS: The money was there. That is

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1 what I am trying to say. In one way or another, we
2 deserved it. Either it was earned, or it was about to
3 be earned.

4 If you will, you are talking in bank terms.
5 We had that much credit with the enterprise.

6 BY MR. NIELDS:

7 Q I just want to make it absolutely clear because
8 you have been very explicit that you were going to take
9 for personal use certain commissions on sales of arms to
10 the contras, but unless I have misunderstood your
11 testimony, you have never clearly stated that you at that
12 point in time were going to take any money for personal
13 purposes out of the Iranian arms sales.

14 A You are not completely correct. I have
15 already several times testified that I had the concurrence
16 of all the principals that I was going to get.

17 MR. JANIS: His question is this. This was
18 in May of 1986, not in August or September of 1986.

19 BY MR. NIELDS:

20 Q That is precisely my point. You had
21 testified in August and September of 1986 that you
22 received the concurrence of all the principals that you
23 would eventually be properly compensated for the second-
24 channel transactions?

25 A By then --

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1 Q This is in May of 1986, and what I am asking
2 you is whether you in your own mind at that point in time
3 were saying I am going to set aside or I am entitled to
4 set aside for my own personal use and benefit \$500,000
5 out of the Iranian arms transactions?

6 A That is not the way I looked at it. I looked
7 at it that I needed to set aside \$500,000. I did not
8 have an exact accounting of what was available from the
9 contra deals, but I needed the \$500,000. I could have
10 very well overdrawn that money into the Iranian arms.

11 Did I answer your question?

12 Q Almost completely, but not completely.

13 Are you saying that you felt that you could
14 dip into this money, so to speak, and set it aside for
15 your and Mr. Secord's personal use, because you anticipated
16 that there would eventually be commissions due you out of
17 sales to the contras?

18 A I have been trying to say my focus was on
19 having that much money for our personal investment. That
20 was the focus.

21 And, again, I have to refer you back to my
22 earlier explanation about this animal with so many
23 different identities. I knew I needed this much money
24 for investment. I also have in my mind the understanding
25 that we are a private enterprise. I say that there is

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1 money from the contra deals that still is due. There is
2 work that I have done already-- I am not talking about
3 the second channel -- for the Iranian initiative. We are
4 at one point called that we are a private organization.
5 As part of this confusion, and the fact that my motivation
6 was to have \$500,000 set aside for investment, I reached
7 out and put the moneys there. Is it clear?

8 Q That is an answer. It is as clear as it is
9 going to get right now, I think. I understand. Now,
10 have we already done this \$10,000? That is the one
11 immediately under the \$500,000. What is that for? It
12 is the 27th. Do you have a back-up document on that?

13 MR. JANIS: H-503, but it has no notation of
14 any kind.

15 MR. NIELDS: Just cash, I think. There isn't
16 any back-up on that.

17 THE WITNESS: So I wouldn't know.

18 BY MR. NIELDS:

19 Q The next one is \$79,167. That is another
20 part of a 30-30-30-10 split. I take it that means it
21 is profit distribution to you?

22 A Correct.

23 Q The next one, \$2 million.

24 A It is the second \$2 million set-aside, and
25 it says CSF account 2. I suppose that it is an AH

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1 subaccount. It is the reserve, the second \$2 million
2 reserve money, the same as the first item, the first
3 \$2 million. The reaction is the same. The answer is
4 the same.

5 Q And why is it done then?

6 A Exactly the same method. General Second asked
7 me to do that and that is what I did.

8 Q Once again this happens a couple of weeks
9 after the plane has flown the mission?

10 A But again was the money in CD prior to that?

11 Q Yes, it was.

12 A The same pattern.

13 Q So that after the plane flew the mission, you
14 took the money out of the C. Tea and put it in the
15 reserve?

16 A Yes.

17 Q Is that it?

18 A Yes.

19 Q Mr. Van Cleve is bursting to ask questions.

20 BY MR. VAN CLEVE:

21 Q From what I can see, this document H-141
22 is the document that covers both the \$2 million trans-
23 action and the \$200,000 transaction occurred the same
24 day, June 18, and I wonder if you might be able to
25 explain what the \$200,000 was for.

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1 A You are jumping ahead of us, right? You are
2 going to the next item?

3 MR. POINTS: Subaccount 3.

4 BY MR. VAN CLEVE:

5 Q It is the next item on your sheet, but it is
6 the same transaction according to document H-141.

7 A I understand that.

8 Q The same date. Does that help you at all in
9 terms of the circumstances? Why was it split up into
10 two amounts, I guess is the question.

11 A Why is it split in two accounts in the ledger?
12 Is that what you are saying?

13 Q In the ledger, yes, even though it appears
14 to have been part of one transaction.

15 A You are asking me why -- this is from the bank,
16 isn't it? You are asking me why CSF made one transfer
17 and then in their books allocated it to two accounts?

18 Q Yes.

19 A I don't know.

20 Q You don't know.

21 A It seems to me simpler instead of making two
22 transfers. It all depends where the moneys went. This
23 money went -- is the destination of these two amounts the
24 \$2 million and the \$200,000 the same place?

25 MR. POINTS: CSF Bermuda.

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1 THE WITNESS: So the answer is, it is simpler,
2 costs less. The dates are the same, so they made the
3 transfer, but the allocations were in their ledger for
4 different purposes.

5 BY MR. VAN CLEVE:

6 Q You don't have any additional information about
7 what the \$200,000 allocation was for?

8 A No. It says account 3. I really don't know.
9 All I can tell you, that I recall instructions, and a good
10 possibility of three fiduciary agreements, each for
11 \$2 million and one for \$500,000, one has to look at those
12 documents. What is subaccount 3, I cannot recall at this
13 time.

14 BY MR. NIELDS:

15 Q But that is another personal distribution
16 to you?

17 A That is not what I am saying.

18 MR. JANIS: It goes into one of these sub-
19 accounts that were set up for various purposes.

20 BY MR. NIELDS:

21 Q Is it a reserve?

22 A In general terms reserve, but I do not want
23 you to confuse that with the reserve in the organization
24 chart that I showed you, so one has to look at the sub-
25 account and see. It is a set-aside. It is a reserve

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1 for what purpose, like the set-aside of the \$500,000,
2 I told you it was for investment, but I do not recall
3 at this time having instructed CSF to set aside \$200,000
4 for any particular purpose that I had in mind.

5 Q Mr. Hakim, I don't want to put words in your
6 mouth, but I want to ask you this question. Was there a
7 sense in which these two, \$2 million reserves were your
8 way of setting aside money for you and Mr. Secord at some
9 time in the future after this Iranian initiative had run
10 its course?

11 A My way you said?

12 Q Yes.

13 A I have to go back and repeat the testimony
14 that I have already made. Reserve for corporation meant
15 for any purpose. We needed to have a financial backbone.
16 It could have been for operational purposes.

17 I testified about Ollie's way of doing things
18 and so on. This is more of the same thing. I have
19 testified. And you recognize at this time we are still
20 in the midst of operations.

21 Q Okay, fine. You have answered the question.
22 I am not trying to get you to repeat your testimony.

23 The next item is also part of one of those
24 30-30-30-10 splits, and I take it therefore represents
25 a profit distribution to you.

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1 A Yes. We went over that yesterday.
2 Q The same is true on the \$258,398 transfer?
3 A We went over that yesterday as well.
4 Q That is a profit distribution to you?
5 A If the dates correspond. The figures I
6 recall --

7 MR. JANIS: That is the one we went over.

8 THE WITNESS: Yes.

9 BY MR. NIELDS:

10 Q It is part of the 30-30-30-10?

11 A That's correct.

12 Q How about the \$250,000 item on October the
13 ^R34d, 1986?

14 MR. JANIS: Looking at CRS-0650?

15 MR. ZANARDI: Could I just lead you through
16 that real quickly? I think it will save time.

17 The \$257,000 is transfers to CSF New York.
18 \$250,000 is removed from that account, and then \$25,000
19 is supposed to go to STTGI.

20 Then there is three transactions, or maybe four,
21 that go to [REDACTED], totaling about \$150,000,
22 and \$50,000 goes to --

23 THE WITNESS: Aren't these for the purchase
24 of the aircraft?

25 MR. ZANARDI: No. If you look at the date,

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1 it is August -- October.

2 MR. JANIS: What is your theory?

3 MR. ZANARDI: My theory is that it goes to the
4 contras.

5 THE WITNESS: That is what I am trying to say.
6 Didn't we buy aircraft for them then, the 123s, or paid
7 for them?

8 MR. ZANARDI: No. No.

9 MR. JANIS: What we have here, he has got a
10 bunch of checks going to [REDACTED], right?

11 THE WITNESS: Because I recall a delay in
12 payment for the aircraft. I may very well be off. Do
13 we have a date when we bought those 123s?

14 MR. ZANARDI: I have those checks.

15 MR. JANIS: You have got Bermuda.

16 THE WITNESS: Is it possible this happened
17 during the time we were trying to close the operation
18 and these were the payments we made to try to close the
19 operation?

20 MR. ZANARDI: Right.

21 THE WITNESS: That is probably contras.

22 MR. ZANARDI: That is one I was pretty sure of.

23 BY MR. NIELDS:

24 Q This is contras?

25 A To close down the contra account and operations.

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1 Easy target, just charged me for it.

2 (Discussion off the record.)

3 BY MR. NIELDS:

4 Q Back on the record.

5 I have asked you to turn to H-96, which is
6 headed "Korel assets."

7 A Yes, sir.

8 Q I take it this is the account Korel assets
9 stands for the Secord capital account?

10 A Yes, sir.

11 Q And I take it the first figure, 22,000, you
12 are not going to be able to help us on?

13 A No.

14 Q The next one, 165,000, you have already
15 testified about, because there was a corresponding
16 165,000 to you, and I think you indicated that you
17 believed that would be an equal distribution of profit.

18 The next one says "transfer to Khalid Rashid"
19 in the amount of \$31,817, and there is down below a
20 corresponding offset of the equivalent amount. Do you
21 know what that is about?

22 A I think I do. First of all, let me tell you
23 who Khalid Rashid is. An ex-Saudi pilot and associate
24 and friend of General Secord whom I met through Richard,
25 and a person who was also involved in assisting us with

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1 the sales of Marwais shelters to the Saudis, who started
2 a consulting firm, and he went through all kinds of
3 negotiations to go into some sort of a partnership, even
4 rented offices for that purpose, and he is also in Saudi
5 in the business of he sells cars, various and different
6 kinds of makes. This was a used car that Richard bought
7 from him, and he agreed to lend him the money and take
8 it out of the joint venture we had. I saw the money
9 being there, and I paid for it. I didn't think that it
10 would be a good negotiating position with someone who is
11 trying to go into partnership with us to have an edge
12 over us such as I have done you a favor, so I wanted this
13 to be paid off. How they have done this thing, this
14 should not have been offset. It should have paid the man
15 for it. If he returned the money back, I don't know.

16 Q What kind of a car was it?

17 A It is a Porsche, a used Porsche.

18 Q And was it in the United States?

19 A It was shipped to the United States, yes.

20 Q And to your knowledge, Mr. Secord kept the
21 car?

22 A I really don't know what he did with it.

23 Q He didn't return it?

24 A No. No. No, I know the car came to the United
25 States was modified to fit the U.S. requirements and so

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1 forth. All that I know, but I don't know what he did
2 with it.

3 Q But it was for Secord, not for you?

4 A That's correct.

5 Q And you don't understand the offset at all?

6 A No.

7 Do we have any record how this thing was
8 offset, where the money came for this?

9 MR. ZANARDI: I saw it was an offset. I didn't
10 pay any attention to it.

11 BY MR. NIELDS:

12 Q The next item is a cash withdrawal, \$7000.
13 Would it be fair to say you don't know what that is
14 for?

15 A That is fair. You don't have any back-up
16 documents for this, do you?

17 MR. ZANARDI: All we have is this statement
18 signing for it.

19 THE WITNESS: Signed by who?

20 MR. ZANARDI: Richard Secord.

21 THE WITNESS: Oh, that is his signature?
22 I don't know.

23 BY MR. NIELDS:

24 Q The \$45,000 to Tom Green, do you know whether
25 that is the finder's fee?

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1 A The finder's fee I don't think came from us.

2 Q You think that came from?

3 A The Canadian.

4 Q The Canadian company?

5 A I think so.

6 Q Is this the loan? I think you may have

7 testified that you thought it was the loan.

8 A I don't remember.

9 MR. JANIS: Off the record.

10 (Discussion off the record.)

11 THE WITNESS: I don't know what that is. Do
12 you have any back-up documents, any invoices?

13 MR. JANIS: What is the date?

14 MR. NIELDS: April 10, 1985.

15 MR. JANIS: Was there a Transworld Arms ship-
16 ment around that time?

17 MR. NIELDS: Yes. The problem is that they
18 were paid earlier, but the shipment took a while to
19 get there.

20 THE WITNESS: I don't know what that is.

21 BY MR. NIELDS:

22 Q The next two are \$101,926 and \$118,336.

23 A Are there any back-up documents?

MR. ZANARDI: Just the bank statement.

THE WITNESS: No signatures, no annotations,

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1 no markings?

2 MR. ZANARDI: Bermuda again.

3 THE WITNESS: More of the same thing.

4 MR. ZANARDI: Is that a set-aside investment?

5 THE WITNESS: It is more of the same type of
6 banking transaction that appeared on Albert Hakim.

7 BY MR. NIELDS:

8 Q I take it that transfers in these amounts
9 into his capital account would logically be part of his
10 share of the commissions on arms sales to the contras?

11 A That makes sense.

12 Q There are a series of cash withdrawals. There
13 are about seven of them, and in general, I take it your
14 answer would be you don't know what they represent.

15 A In my copy of this thing I have asked a
16 question, does the cash withdrawal by -- who withdrew
17 these? Does it say?

18 Q All we have is a transfer account.

19 A No, I don't know.

20 Q One of them says cash withdrawal Masudi.

21 A I do know that.

22 Q What is that?

23 A That is contra, definitely. This is the
24 con artist who I think is in jail.

25 Q And then there is \$100,000 and \$800,000

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1 profit distribution phase 4. I take it that is profit
2 distribution on the arms sales to the contras?

3 Then underneath that on February 13, there is
4 \$35,000 to A. Green. Do you know who A. Green is?

5 A I think I do.

6 Q He is the --

7 A Rich guy.

8 Q British guy who sells Blowpipes?

9 A Yes. It should be charged to contras.

10 Q That should be an expense, I take it, not
11 a distribution account or capital account?

12 A Right.

13 Q I'm sure you don't know the precise reason
14 for the transfer to Sharf, Green and Langford, but I think
15 you speculated yesterday it was an expense payment.

16 A This should be a contra and there should be an
17 invoice, a Udall transaction.

18 Q The next item is \$28,111.

19 MR. ZANARDI: Here is the back-up on that.

20 MR. NIELDS: It goes to Montero through
21 Republic?

22 MR. ZANARDI: Yes.

23 THE WITNESS: Okay. So you have that.

24 MR. JANIS: I am speculating here, but I think
25 you might want to put this on the record anyhow.

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1 MR. NIELDS: You want to put it on the record?

2 MR. JANIS: Yes, I do. Some of these cash
3 transactions in this Korel account are plainly things
4 that were operational expenses. There seems to be a
5 good deal of back-up for the Korel -- in the instances
6 of Korel, when this fund was used for operational
7 expenses, and there is less back-up with respect to the
8 Hakim accounts, and I suspect the reason for that may be
9 that the CSF felt a great need to back things up when
10 they were distributing money through Secord or through
11 Korel assets than they would have with their direct
12 customer Hakim.

13 I realize that is speculating, but it becomes
14 more apprent to me when I look at the back-up of the
15 Secord transactions.

16 BY MR. NIELDS:

17 Q Do you know who Madam Barbara Carolina Maurer
18 is?

19 MR. VAN CLEVE: Is that Madam or Mademoiselle?

20 MR. NIELDS: I thought Mademoiselle was Mmle.
21 It is November 12, 1985 cash transaction.

22 MR. JANIS: Do you have some back-up that you
23 can show him? You are looking at H-596.

24 THE WITNESS: This is Richard's signature?
25 So what is the question?

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1 The only thing that is familiar to me from all
2 this, there is a receptionist in CSF that I know her by
3 the name of Carolina. If this is the rest of her name,
4 I don't know. It is possible that she went and cashed
5 it.

6 BY MR. NIELDS:

7 Q Of the remaining five entries, four of them
8 are part of these 30-30-30-10 splits. I take it those
9 would represent Mr. Secord's share of the commissions on
10 arms sales to the contras?

11 A Okay.

12 Q I take it that is correct?

13 A Yes.

14 Q And then there is just one unidentified item
15 of \$2,305.32, and that has an offset, and so I don't
16 need to ask you about that.

17 MR. WECHSLER: The offset is a penny off.

18 BY MR. NIELDS:

19 Q Actually I do. Who is Pat Buchinger? Do you
20 know the answer to that?

21 A Yes, I do.

22 MR. JANIS: It is not Pat.

23 THE WITNESS: It is not Pat.

24 MR. VAN CLEVE: We are glad to see that you
25 are thorough, Mr. Janis.

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1 THE WITNESS: Nothing of big substance.

2 BY MR. NIELDS:

3 Q Is this the Continental Bank in Brussels?

4 A This is the money that was paid to a clinic
5 in Germany, which is a health farm, a fat farm, if you
6 will. Seriously, I was very much concerned about the
7 health of Richard. He was under a lot of pressure, and
8 I wanted him to take some time off, and I know this clinic
9 very well. I have been using it for many years, so I
10 sent him there and confined him to that place. They
11 charged his accounts, and I said, "No, the company will
12 pay for it." That is why it was offset, so it is a health
13 benefit, and he was not alone, by the way. Tom Clines was
14 with him.

15 BY MR. VAN CLEVE:

16 Q Is Tom Clines a fairly tall individual?

17 A Yes, he is tall, tall and fat.

18 Q Fat also?

19 A yes. He is quite a character. You can get
20 to like Tom. You will see the same transaction in
21 Tom Clines' column. We look after our employees.

22 BY MR. NIELDS:

23 Q We are almost finished with this money business,
24 but not quite. There are a number of transfers, most of
25 them out of the --

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1 A Where are we now? Still on Korel, or finished
2 with that?

3 Q We are finished with that. You don't need to
4 refer to this document.

5 There are a number of the transfers refiected
6 on the C. Tea register, which is in front of you.

7 A You want to go to the next page?

8 Q Are to the Continental Bank in Brussels.

9 Do you know why that is the case?

10 A I have no knowledge whatsoever about Mr. Clines
11 banking movements. I really don't. He handled it
12 himself. He dealt directly. I know very little, almost
13 nothing about how he operates.

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1 MR. ZANARDI: He dealt directly with ^{CSF}~~CSF~~?

2 MR. HAKIM: Yes.

3 BY MR. ZANARDI:

4 Q Okay.

5 A When you say dealt directly with CSF, the only
6 thing he had to do was to instruct CSF what to do with the
7 profits or the commissions that were taken.

8 Q But you directed how to make the payments for
9 Defex.

10 A Yes and no. You are asking an operational
11 question or a financial question?

12 Q Operational question.

13 A Let's answer separately.

14 Q Okay.

15 A Financially he had no authority whatsoever in
16 any way or form to the contrary. He had told CSF that
17 no transfers to be made ordered by Tom Clines unless it is
18 approved by me. Operationally he could not -- we could not
19 have a man out in the field dealing with, you know, sensitive
20 situations and telling him that we wanted to monitor him.
21 But I couldn't have that much -- we were sloppy, but I
22 couldn't allow it to be -- to get that much sloppy that too
23 many people would instruct the same financial network to do
24 things.

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25 So whenever he instructed, if he did, CSF to do

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1 something they always called me, checked with me, got my
2 approval then moved. It was an arrangement -- we didn't
3 want to recognize the both.

4 MR. NIELDS: To your knowledge did any of the
5 money of the enterprise ever go to the benefit, personal
6 benefit of Oliver North?

7 THE WITNESS: Not under my instructions and
8 not to my knowledge.

9 MR. NIELDS: Did you ever hear that that happened?

10 THE WITNESS: Pardon me?

11 MR. NIELDS: Did you ever hear that that
12 happened?

13 THE WITNESS: No.

14 BY MR. NIELDS:

15 Q No one ever told you that that had happened?

16 A No.

17 Q Was it ever contemplated?

18 (Witness confers with his attorney.)

19 A Yes.

20 Q And who participated in this contemplation?

21 A I would say that I -- in my opinion I was the
22 key operator in that idea. If you recall when we were
23 talking about the Button set-aside and I was very confident
24 when I testified that it could not have been Dutton,
25 and I also testified that this set-aside should have had

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1 interest added to it.

2 I had contemplated to use the interest of that
3 money to help out with the university expenses of Oliver
4 North's child. I don't know whether it was a son or
5 daughter. However, I knew it was a very sensitive area
6 to get into. I believe I told Secord about it. What I
7 recall is he said he didn't want anything to do with it.
8 I asked Zucker to see if he could find a legal way to help
9 with the university expenses of his child.

10 I managed to get Mrs. North, whom I have
11 not met, to meet Bill Zucker during one of his trips that he
12 made to the United States. I believe it was in Philadelphia
13 with a law firm that he deals with. To the best of my
14 recollection he called and met, I believe -- this is what
15 I recall from what Mr. Zucker told me -- that it was all
16 done on the phone or what, but I think they met and he got
17 acquainted with the family, the structure, who the kid
18 was, and what was involved.

19 The bottom line was that Zucker told me that he
20 could not think of any legal way of achieving that objective.
21 That was aborted.

22 Q Did he tell you that there was no legal way or no
23 feasible way?

24 A He advised me not to get involved. Not to do it.

25 Q For whatever reason.

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1 A I constituted that to mean that that was not
2 the right thing to do.

3 Q Had you discussed this with North?

4 A I don't recall if I have. I don't believe I
5 did.

6 Q Did you discuss it with anyone other than Secord and
7 Zucker?

8 A I don't believe that I have, no, no.

9 Q I take it from what you have said that you
10 understand that Zucker talked to Mrs. North about it?

11 A Yes.

12 Q And what did he tell you about that conversation?

13 A He did not feel comfortable about the whole
14 thing.

15 Q Zucker?

16 A Zucker.

17 Q How about Mrs. North?

18 A I don't know what transpired between the two.

19 Q What caused you to make a decision to see if you
20 could do this for one of North's children?

21 A I think what prompted me was when I heard, I
22 don't know whether it was Secord or it was from him or both,
23 I don't remember --

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24 MR. JANIS: You have to say who you mean by "he."

25 THE WITNESS: North. I believe there was a time

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1 that I became aware that North was in^a very awkward situation
2 with his family. He was not spending time with his family.
3 He was not attending to the family and I even heard that his
4 wife was contemplating to separate from him and he was
5 not attending to the kids, school, education, and I have
6 a lot of respect for North. I really like that man and
7 consider him a good soldier.

8 I thought if I could find a way to help out and
9 maybe reduce the tension that would be a good move.

10 Q Did he indicate that part of the tension was the
11 cost of educating his child?

12 A I really don't remember that. I don't recall
13 that, Mr. Nields, in that context. I remember the tension.

14 MR. VAN CLEVE: You say you became aware of
15 his personal family situation. Was that ~~he~~ because he told
16 you about it or because Secord told you about it?

17 THE WITNESS: I believe it started by Secord
18 telling me this. I think when it started out I -- I don't
19 remember the dates.

20 BY MR. NIELDS:

21 Q Here is what I am having trouble with. I take
22 it Zucker doesn't know or didn't know North or Mrs. North?
23 Is that true? To your knowledge?

24 A Oh, after he met Mrs. North --

25 Q Until he met Mrs. North in Philadelphia...

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- 1 A He did not know, yes, did not know her.
- 2 Q But you did.
- 3 A Mrs. North, I have not, no.
- 4 Q But you knew North?
- 5 A Yes.
- 6 Q And at your request Mr. Zucker goes to Philadelphia
- 7 to meet with Mrs. North on the --
- 8 A No, no, Mrs. North goes to Philadelphia to meet
- 9 with Mr. Zucker. Mr. Zucker does business there. He has
- 10 an attorney that deals with his activities in ^uFor_Λway.
- 11 Q And had you spoken to Mrs. North about this
- 12 possibility?
- 13 A I don't believe I have, no. I don't recall.
- 14 Q Well, --
- 15 A I don't recall.
- 16 Q To your knowledge who did? Did Secord speak to
- 17 Mrs. North about this?
- 18 A I don't know that, but I believe, if I am not
- 19 mistaken -- I believe what I told Zucker to say was that some
- 20 people who don't want to identify themselves wanted to help
- 21 out. I think that is the way I told Zucker to approach them.
- 22 Q In other words, to the best of your knowledge
- 23 it was Zucker who approached the Norths.
- 24 A Effectively, yes.
- 25 Q Without any advance warning from either you or

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1 Second?

2 A I can testify about myself, about Mr. Second
3 I can't.

4 Q Did you ask Mr. Second to --

5 A No.

6 Q To make contact with them?

7 A No, but I am sure he knew what I was doing.

8 Q Was it -- did you ask him not to make contact with
9 them?

10 A No. I told him what I was doing.

11 Q What did you tell him, exactly what did you tell
12 him?

13 A I told him that I am going to investigate to
14 see if there is something we can do about this and I am
15 going to ask Zucker to contact Mrs. North and find out what
16 is what, whose who and if it can be done, if it is ^avisible.

17 Q I thought that you said earlier that Mr. Second
18 told you it was -- that he didn't want to get involved in it.

19 A Yes, he --

20 Q Is that right?

21 A Yes, he said he thought I was crazy.

22 Q Did he ever tell you whether he spoke to North
23 or Mrs. North about your proposal?

24 A I don't recall that.

25 Q What is the best of your -- what is the best of

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1 your recollection on that?

2 A I don't remember. I really don't remember.

3 MR. VAN CLEVE: If I understood your testimony
4 correctly, you told Mr. Zucker that you didn't want him
5 to identify who his client was; is that correct?

6 THE WITNESS: Yes.

7 MR. VAN CLEVE: So it is entirely possible to
8 this day that Mrs. North would not know that you were
9 responsible for having directed Zucker to meet with her.

10 THE WITNESS: If my instructions were carried out
11 that should be the case.

12 MR. JANIS: Just a moment.

13 (The witness confers with his attorney.)

14 BY MR. NIELDS:

15 Q Does Mrs. North have a profession?

16 A I don't know.

17 Q Did you ever ask?

18 A Ask her?

19 Q Or anyone?

20 A Well --

21 Q Did you ever ask Zucker or Second or anyone else
22 whether Mrs. North had a profession?

23 A I believe one of the possibilities that we were
24 reviewing -- it was not whether she had a profession. We
25 were looking for a way to see if we could get her, and when

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1 he came to a dead end, that he -- I am talking about
2 "He" being Zucker -- we talked about the possibility of
3 maybe getting her to work somewhere.

4 Q For a real estate company?

5 A That was the -- that is not the way it went.
6 It ended up there. I was checking with Bill if he had any
7 possibility in Washington that we could get Mrs. North
8 to earn some money, and he said the only person that he knew
9 was a developer.

10 Q Real estate?

11 A Real estate developer, yes. That is how it came
12 about. The last time that I talked about this Bill was
13 supposed to come to the States and see if this man, talk to
14 him and see if he could arrange for that and to the best of
15 my knowledge that never took place.

16 I believe that Zucker never got a chance to talk
17 to this man to the best of my knowledge.

18 Q When you say never got a chance, I guess I should
19 have asked when these conversations took place. Do you know?

20 A This is -- I would say this is sometime between
21 August and October, August-September.

22 Q Is it your recollection that you first began
23 discussing this with Zucker in August?

24 A No, no, no. I thought your question was in
25 connection with the developer.

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1 Q When did you first start discussing with
2 Zucker the possibility of paying for North's sons' tuition
3 or daughters' tuition?

4 A That should have been late 1985 or early 1986.

5 Q When was the meeting between Zucker and Mrs.
6 North in Philadelphia?

7 MR. JANIS: Can I --

8 THE WITNESS: I don't remember that. I think
9 it was in 1986.

10 MR. JANIS: Hold on a second.

11 (The witness confers with his attorney.)

12 THE WITNESS: Yes, I did not get to meet North
13 until the Frankfurt meeting.

14 MR. NIELDS: February of 1986.

15 THE WITNESS: Yes.

16 MR. JANIS: Do you want to correct your answer?

17 MR. NIELDS: I am going to get to that. Using
18 that date as a guide post, when is your best recollection
19 now that you first began discussing with Zucker a method of
20 providing tuition for North's child?

21 THE WITNESS: I remember, Mr. Nields, when I
22 seriously focused on this thing, and that that was like I
23 said when we started to become active about the second
24 channel when I had gotten to know North. So the time
25 span that I gave you this is pretty accurate, August,

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1 September, October, November.

2 MR. JANIS: For the record you had said 1985 or
3 1986.

4 THE WITNESS: We corrected that.

5 MR. JANIS: Now you are talking about it was late
6 or mid to late --

7 THE WITNESS: I don't know when I started with
8 the concept, but I am talking about when I really started
9 to focus in on this and really push Bill to go after it.
10 I cannot even remember when Bill met with Mrs. North.

11 MR. SABA: Mr. Hakim, could that have been in
12 July 1986 when he went with you to Seattle?

13 THE WITNESS: I don't think so. No, it could not
14 have been.

15 MR. NIELDS: You mean it must have been after
16 that?

17 THE WITNESS: I --

18 MR. NIELDS: Or it must have been before that?

19 MR. JANIS: Can we go off the record for a
20 second?

21 MR. NIELDS: Yes.

22 (Discussion held off the record.)

23 THE WITNESS: I don't remember that.

24 MR. WECHSLER: Back on the record. He doesn't
25 remember that.

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1 THE WITNESS: First of all, I cannot remember the
2 dates, okay, precisely. I understand that there may be
3 some confusion that I have excluded the -- when I said
4 I don't remember that I have spoken to North. I don't
5 want that to constitute that I exclude the possibility that
6 I did not mention it. I definitely did not discuss it. That
7 doesn't mean that I did not mention it. The possibility
8 exists, but I don't recall.

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1 Q When you say "mention it," you say you may have
2 told him that you want to help him with his child's education?

3 A It is possible.

4 Q What is your best recollection?

5 A I can't remember, really. If I have told him,
6 it must have been in a very indirect way. I don't remember
7 that, honestly.

8 Q I take it you have no recollection of his refusing
9 it, assuming that he took it as an offer, or discouraging you
10 from pursuing it?

11 A No, I don't recall such a thing.

12 Q Now, I know that you can't be certain of the date
13 when you first discussed this with Zucker and I think you
14 have said that your best recollection is that it would have
15 been August-September or---

16 A When I focused in on this.

17 Q Is that correct?

18 A Yes. That is when I think I started to really
19 focus on this.

20 Q Here is what I would like you to do for us, regard-
21 less of when the exact date was that you first discussed
22 it with Zucker, approximately how long was it from the
23 time you discussed it with Zucker until his trip to Philadelphia
24 in which he met with Mrs. North?

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1 A He did not take a special trip for this purpose,
2 Mr. Nields.

3 Q But she did.

4 A No, no, I am talking about Zucker coming from
5 Geneva---

6 MR. JANIS: He is questioning, did she take a
7 special trip?

8 THE WITNESS: She went from Washington to Philidelphia
9 yes, I don't know when she left.

10 BY MR. NIELDS:

11 Q But she made a special trip to see Zucker?

12 A Yes. Yes.

13 Q I am asking when did that occur in relation to
14 the time when you first raised the subject with Zucker?

15 A What I am trying to say is my point of reference
16 can't be Zucker's moves. I don't recall when Zucker went to
17 Philidelphia so I can establish when Mrs. North went there.

18 Q But you know that Mrs. North went there because
19 Zucker told you that, isn't that true?

20 A Yes.

21 Q All right. Now, there must have been a time when
22 he told you that he had just met with Mrs. North?

23 A That is correct.

24 Q In Philidelphia?

25 A That is correct.

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jm 3

1 Q About how long after this time that you first
2 raised the subject with him was that?

3 A I don't remember, Mr. Nields.

4 Q Was it more like a week, more like a month, or
5 like six months?

6 A Well, it is several weeks, I would say.

7 Q What did he tell you about his conversation with
8 Mrs. North?

9 A That he collected all the information that he
10 needed. Some of the information she did not have, and she
11 was supposed to obtain additional information and that he
12 would be talking to her again on the information when he
13 was back in the states. That is the way I remember.

14 Q What type of information was he asking her for?

15 A I think he needed more information about the
16 relatives, the family.

17 Q What type of information about relatives and family?

18 A I don't remember. He said he wanted to know more
19 about who was who in the family and so on.

20 Q What was the purpose for his finding out more
21 information about the relatives and family?

22 A To find a way to assist with the plan.

23 Q Was this, for example, finding out if there were
24 other relatives who had jobs in which it would be easy to
25 convey money to them?

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jm 4

1 A The general attitude is correct, but I cannot
2 be that specific. You are setting the right direction, but
3 I really---

4 Q In other words, more information about other family
5 members to see if there was an easier way to route the
6 money to the benefit of North's child?

7 A Without tainting North.

8 Q Without it becoming obvious that it had happened?

9 MR. JANIS: That is not what he said. He said
10 without tainting.

11 THE WITNESS: Without taint^ting North. I didn't want
12 to damage him. I wanted to help him. I didn't want to damage
13 him. That is what I am trying to say.

14 BY MR. NIELDS:

15 Q When you say you didn't want to damage him, was
16 it you didn't want it to be apparent where the money was
17 coming from that went to the benefit of his child?

18 A Not -- that was not the spirit. That is not the
19 spirit.

20 Q Okay, well just tell me then.

21 A The spirit is the man's family was going to
22 pieces and I wanted to see if I could do anything to help
23 out, not to add to it, the problem.

24 Q What was the risk of adding to his problems?

25 A If he was going to be accused of getting involved

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1 with some private enterprise for personal benefit that would
2 very definitely have damaged him. And I didn't want that
3 to happen.

4 I was not prepared to increase the already
5 existing burden that he had.

6 Q Then I misunderstood something because it sounds
7 to me from what you are saying, that you were looking for a
8 discrete way to do it so that you would not injure him by
9 establishing a connection between the private enterprise
10 that you were involved in and the payment for the child's
11 education.

12 MR. JANIS: Excuse me, I think what he said in
13 essence was that he was looking for an appropriate way to
14 do it, not a way to do it so he wouldn't get caught, but a
15 way to do it so that it would be appropriate.

16 THE WITNESS: Exactly. That is what I am trying to say.

17 BY MR. NIELDS:

18 Q Then can you expand on your answer
19 about the family members that you were, and information ~~that~~
20 about family members that you were looking for?

21 A We, I gave you an example already about the land
22 developer, we first searched to see if it was possible to
23 be done within the family, a similar approach. I don't know
24 exactly what Zucker was contemplating, but it was -- I
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1 testified that the direction you set was correct. We were
2 trying to see if we could find an appropriate way of helping
3 out so you search within the family, the structure of the
4 relatives and so forth, to see if you can find a way.

5 If you can't find a way there, then you go to the
6 outside sources, such as the land developer. So the last
7 time we talked about this thing was that there is nothing
8 that we could do through the family and -- I even asked
9 Zucker to make a phone call, I think. He said he was not --
10 I remember now -- said he was not planning to go to Washington
11 but he promised me to call this man. I don't remember whether
12 he ever made that call.

13 Q To a man in Washington?

14 A Yes.

15 Q Did he identify him?

16 A No, not to me.

17 MR. VAN CLEVE: Do you know whether Mr. Zucker
18 might have asked Mrs. North not to say anything to Colonel
19 North about the meeting?

20 THE WITNESS: I have no idea.

21 MR. VAN CLEVE: You don't know?

22 THE WITNESS: No.

23 BY MR. NIELDS:

24 Q What -- there is still something I am not under-
25 standing -- what would be an appropriate method for---

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jm 7

1 A If we knew we would have done it.

2 MR. VAN CLEVE: I think what he said is -- that
3 was the point, to see if there was an appropriate method.
4 The net result was that Zucker said there was not an
5 appropriate way to do it.

6 THE WITNESS: Not that he could think of.

7 BY MR. NIELDS:

8 Q But it was contemplated that he would pursue it
9 at least with the---

10 A ---land developer?

11 Q With the land developer.

12 MR. VAN CLEVE: I am uncomfortable with the use
13 of the word "an appropriate" here. I would like to know
14 whether you instructed Mr. Zucker to find a way to do this
15 that was legal or not.

16 THE WITNESS: Legal, would not taint, would not
17 damage him.

18 MR. VAN CLEVE: But not simply to find a way to
19 do it without getting caught?

20 THE WITNESS: That was not the intention. For
21 instance, if there were provisions in the law that I could
22 come up and say that here I am donating this without getting
23 the guy into trouble, I would have done it.

24 MR. VAN CLEVE: I understand.

25 THE WITNESS: Okay. The idea was not -- we were

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1 not talking about such huge sums of money and I understood
2 that---

3 BY MR. NIELDS:

4 Q How much money were you talking about?

5 A I don't remember what would have been the interest
6 on \$200,000, probably \$14 or \$15,000 a year.

7 Q Does the number \$75,000 ring a bell?

8 A \$75,000 a year?

9 MR. VAN CLEVE: A year?

10 MR. WECHSLER: A year?

11 MR. NIELDS: I didn't say a year, I said \$75,000.

12 THE WITNESS: No.

13 BY MR. NIELDS:

14 Q That does not ring a bell?

15 A No.

16 Q That is not an amount of money you discussed
17 with Mr. Zucker?

18 A Amount of money to be given for the school?

19 Q To Mrs. North?

20 A No. I did not talk about sums. We talked about
21 taking care of the schools, the cost of the school.

22 Q The cost of the school for the four-year period?

23 A Maybe \$75,000 would have come out for the duration.
24 If you take five years at 15 that comes out to \$75,000. But
25 that is not my calculations. I gave you the figure per annum.

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1 Q Can you explain to me what was contemplated in
2 connection with this land developer, exactly what role
3 the land developer was to play?

4 A To see if, for instance, if she could have a part-
5 time job working so she would add to the income so they could
6 take care of it. That was the direction. And work there.

7 Q Was it ever discussed with Mr. Zucker that there
8 would be a transfer of money from an account in Switzerland
9 to an account of the land developer in Switzerland, in other
10 words, an account of yours in Switzerland to an account of the
11 land developer in Switzerland and a simultaneous transfer
12 in the United States from the land development company to
13 Mrs. North?

14 A No, no, that -- no, that is not the way.

15 MR. JANIS: Not that you know. Not that you
16 are aware of.

17 THE WITNESS: These were not the things that I am
18 aware of, but the thought was, I said, Bill, even if she
19 cannot do it, do a darn thing, I don't know the woman,
20 I don't know if she has any capabilities, but a lot of work
21 is being done there. If the guy doesn't have an opening,
22 cannot pay for it, we will pay for it. In other words,
23 we paid the guy to pay her so she would work. I did not
24 know the capability of the lady. I don't know the capability
25 of the lady. It was---

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1 BY MR. NIELDS:

2 Q But understand the plan in which if the development
3 company did not want to pay her, in which case, you would pay
4 her, how was that to be done?

5 A To pay the developer and he would hire her and
6 pay her.

7 Q And how were you going to pay the developer?

8 A From -- just like I told you, from the interest.

9 Q But I mean how would the money be put into the
10 custody of the developer?

11 A Mr. Zucker had to pay him.

12 Q Write him a check and send it to his
13 bank in the United States?

14 A We didn't go that far into this. We were
15 discussing the concept, Mr. Nields.

16 Q You never talked to Zucker about the manner in
17 which the money would be gotten into the possession of
18 the developer?

19 A That is his expertise, he knows the man, he did
20 not even want to disclose the name of the man to me.

21 Q Did you discuss at least the fact that you
22 wanted to do it in a way that would not taint North and his
23 family?

24 A Definitely.

25 Q And by that you mean it would be done in such a

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1 way that it would not be obvious and apparent that the
2 developer was being paid by you?

3 A You can reach to that conclusion, yes. But deep
4 inside I was hopeful that Mrs. North had enough capability
5 and I did bring this up, I said I hope to God that she can
6 even bring in clients and collect the commission and really
7 deserve -- I mean earn what she is doing. I don't know what
8 her expertise might be, but we wanted to get her started,
9 have a job so she would not be sitting home waiting for her
10 husband to come home.

11 It was a plan that tried to save their marriage
12 and get the kid to go to school, prime the pipe, if you will,
13 to get it going. It was not something intended to do
14 something dirty. That was the -- that was not the concept.
15 That was not the idea.

16 Q I understand it was -- do something to the benefit
17 of North's marriage and family, but I take it it was part of
18 the concept to do something secret?

19 A Yes, that has -- that has been obvious from the
20 testimony, of course.

21 MR. VAN CLEVE: Understand the arrangement with the
22 developer, Mrs. North actually would not have known; would
23 she?

24 THE WITNESS: She would not have known, definitely.
25

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1 MR. VAN CLEVE: She would never have known?

2 THE WITNESS: We even talked about putting an add
3 in the newspaper and getting her to work. She would not have
4 known.

5 MR. NIELDS: Let's mark this document as Exhibit
6 No. 5.

7 (The following document was marked as Exhibit AH-5
8 for identification:)

9 COMMITTEE INSERT

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205-210

1 BY MR. NIELDS:

2 Q I am putting in front of you, Mr. Hakim, a document
3 that has been marked deposition Exhibit AH-5. I will
4 ask you to take a few minutes and read it. After that, I
5 will ask whether it has anything to do with the transaction
6 you have just been testifying about.

7 MR. VAN CLEVE: I take it the pencil marks are
8 yours?

9 MR. NIELDS: Those are not original. No.

10 MR. SABA: What is the "H" number?

11 MR. VAN CLEVE: H-1646.

12 MR. SABA: I will get a clean one.

13 MR. VAN CLEVE: That doesn't concern us, but if
14 you have an extra copy that would be great. H-1646.

15 MR. SABA: Yes.

16 MR. VAN CLEVE: Can we take about a five minute
17 recess.

18 MR. NIELDS: Sure.

19 (Brief recess.)

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21 end jm 13

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1 MR. NIELDS: Back on the record.
2 BY MR. NIELDS:
3 Q Mr. Hakim, you have in front of you a document which
4 has been marked Deposition Exhibit No. 5.
5 A Yes, sir.
6 Q It has the words -- first of all, I take it you have
7 had a chance to look at this document?
8 A Yes, I have.
9 Q And do you know what transaction it relates to?
10 MR. JANIS: First of all, do you know whose
11 handwriting it is?
12 THE WITNESS: This -- I am pointing to the right
13 part of this -- appears to be Bill Zucker's handwriting.
14 MR. JANIS: In the box?
15 THE WITNESS: In the box.
16 BY MR. NIELDS:
17 Q Initialled by Zucker?
18 A Yes. But this part, I have a little bit -- I don't
19 find -- for instance, this is written -- what could be Bill's.
20 Q You are referring to Mrs. Belly Button.
21 Did you answer my question, whether you know what
22 this transaction is?
23 A No. I don't even know if it is a transaction.
24 Q You don't know what it relates to?
25 A No, I really don't.

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1 Q Do you know who Mrs. Belly Button is?

2 A I believe this is the code name that Mr. Zucker came
3 up for Mrs. North.

4 By the way, here it says Richard V. Second, small
5 fee. I don't know what this is.

6 Q But do I take it you have an actual recollection
7 that Mrs. Belly Button refers to Mrs. North?

8 A Yes.

9 I refer to this name when we are talking about the
10 interests of the \$200,000 that General Second asked me to set
11 aside for death benefit. I think we talked about that at that
12 time.

13 Q And does that mean that it was at that time that you
14 or Mr. Zucker came up with the name Mrs. Belly Button for Mrs.
15 North?

16 A Yes. I testified that we were joking about this
17 thing, and caressing some. He came up in a joking manner with
18 this name. I really don't remember the circumstances, how he
19 came about -- sometimes he has a strange sense of humor.

20 Q But in any event, when he came up with this name of
21 Mrs. Belly Button, and at the time he came up with it, I take
22 it it referred to Mrs. North?

23 A Yes.

24 Q Is it your recollection that the name Mrs. Belly
25 Button was invented by Mr. Zucker at about the time that you

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1 set the \$200,000 aside for death benefits?

2 A I really don't remember how this whole thing, the
3 name, developed. I think it started out buttoning up with the
4 people when they die, and then we talked about the interest --
5 they came up with the belly button. I can't recall when all
6 this happened.

7 Q It may be that the subject of the interest --

8 A Came at a later date.

9 Q And the name Mrs. Belly Button came up a little bit
10 later?

11 A It is possible, yes.

12 MR. JANIS: Again, if I understand the spirit of
13 this deposition, which is to try to get to the bottom of
14 things, my recollection was that the button account was set up
15 with \$200,000 around May 20th of '86.

16 MR. NIELDS: Right on the nose, right on the button.

17 MR. JANIS: Was it May 20th of '86?

18 MR. NIELDS: The 20th.

19 THE WITNESS: It should have happened before. When
20 it carried the name Button, I don't remember. But there was
21 the set-aside -- Zucker should have set that aside when Secord
22 asked me to set aside the death benefit monies. When the name
23 was allocated to that could have been at a later date.

24 MR. JANIS: This document, H-1647, was included in
25 the documents provided by Mr. Hakim, correct?

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1 MR. NIELDS: Yes.

2 MR. JANIS: And that indicates that a transfer was
3 made on May 2nd, 1986, from Republic National Bank to STTGI;
4 is that correct?

5 So that was three weeks or almost three weeks before
6 the money was put in the button account.

7 MR. NIELDS: Before it was put in a capital account.

8 (Discussion off the record.)

9 MR. NIELDS: Let's go back on the record.

10 I just have a few more questions on this.

11 BY MR. NIELDS:

12 Q Did Secord ever indicate to you that the \$200,000
13 transfer into the button capital account was money set aside
14 for North?

15 A He didn't come up with the name of button capital
16 account. To the best of my recollection, that money was set
17 aside for death benefit.

18 Lou has raised some other issues now. I am
19 completely confused about the other figures that he talked
20 about.

21 If you recall, I earlier said that I thought that
22 idea of assisting North's family with the educational plan
23 was late '85, and then we went through analysis that I didn't
24 get to know North until early '86. Do you recall that?

25 All these are confusing me more, and they lead me to

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1 Believe that it is very possible that Mr. Second instigated the
2 idea of coming up with the educational program, and that could
3 indeed have happened in '85, as I originally thought the case
4 would be. So I have a lot to think about now.

5 You mentioned that there is another \$250,000 that
6 was set aside. Can we go back to that and see if that could
7 help me to come back to see what this button thing is? Can
8 we look at that number and the date?

9 Q I show you the various numbers that we have and the
10 various dates. There is \$250,000 that went into your capital
11 account in May of 1985. I take it that, to the best of your
12 knowledge, that doesn't have anything to do with either death
13 benefits or North, either one or the other.

14 It is May of '85.

15 A And this, the button account, was what date?

16 Q May of '86.

17 A I see, a year later.

18 Q Who were the death benefits supposed to be for?
19 Who might die?

20 MR. WECHSLER: You are asking for what he was told?

21 THE WITNESS: It is a good question, Mr. Nields.

22 (Whereupon, at 7:15 p.m. the deposition was
23 adjourned, to reconvene at 10:00 a.m. on Monday, May 26,
24 1987.)

ei... Cantor
mkb

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DEPOSITION OF ALBERT HAKIM - Continued

Monday, May 25, 1987

4175

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to adjournment, at 10:15 a.m.,
in Room H-139, the Capitol, Mr. John Nields presiding.

On behalf of the House Select Committee: John
Nields, George Van Cleve, John Fletcher, Joseph Saba,
Robert Brink, Ronald Points, Nicholas Wise.

On behalf of the Senate Select Committee: Arthur Liman,
Cameron H. Holmes, Timothy Woodcock, Louis Zanardi, David
Faulkner, ~~Richard H. H.~~, Paul Barbadoro, John Monsky.

On behalf of the witness: N. Richard Janis, Lawrence I
Wechsler, and Clement R. Gagne, III; Janis, Schuelke &
Wechsler, 1728 Massachusetts Avenue, N.W., Washington, D.C.
20036.

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by K. Johnson, National Security Council

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1 Whereupon,

2 ALBERT HAKIM

3 having previously been sworn, testified further as follows:

4 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

5 BY MR. NIELDS:

6 Q Mr. Hakim, this is a continuation of your deposition
7 which is, I guess, the beginning of the fourth day of it.

8 A Is this the fourth or fifth?

9 Q Fourth, I believe. Friday, Saturday, Sunday, and
10 today is Monday.11 Overnight, have you had a chance to consult your
12 memory and also a few documents to help refresh your memory
13 in connection with the transaction in which you were proposing
14 to see if you couldn't find a way of getting some money for the
15 benefit of Mr. North's child's education?16 A I didn't have access to any documents, but starting
17 4:30 this morning, it was very hard to do that last night, so
18 this morning at 4:30, I tried to go over the events as closely
19 as I could and still may have a little difficulty with some of
20 the dates. I'm hoping to get some assistance here, too, to
21 get those dates straightened out; but I think I have ~~a~~ a
22 reasonably good recollection now how things might have happened
23 in connection with the desire to assist Mr. North's child.24 If you would be a bit patient with me, I know you
25 lawyers like to go through facts quickly, but it is important

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1 that I clarify a number of issues that were raised during the
2 past three days' testimonies. I think I can sum all of those
3 up today.

4 At one point, I talked and almost insisted that they
5 should have been set aside for death benefits; and I believe
6 I testified that that was in late '85. And then when we tried
7 to relate that to the \$200,000, the so-called Button set
8 aside, and the dates didn't relate, you recall that, then
9 this document that you have in front of me that has to the best
10 of my ability, has Mr. Zucker's handwriting on it --

11 Q That is Exhibit 5?

12 A That is Exhibit 5.

13 MR. JANIS: Did you make me a copy of that?

14 MR. SABB: We'll get you a copy when we get into
15 the office.

16 BY MR. NIELDS:

17 Q Go ahead, Mr. Hakim.

18 A Okay. There were three statements also yesterday
19 to -- at about the same time, one made by yourself, the other
20 one by Lou, and an earlier statement by yourself, Mr. Nields,
21 that I made note of those in my mind and those statements
22 were whose death benefit you asked. And Lou brought up the
23 subject of is it possible that the \$250,000, and he referred
24 to a certain entry in the ledger, that would be the set aside
25 for death benefit.

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1 And earlier yesterday you had raised the -- in
2 connection with the dates that the set aside had anything
3 to do with Mr. McFarlane's trip to Tehran, and my understanding
4 of the question was that if the \$200,000 was set aside for
5 a group of six people, our delegation, I believe had that many
6 people in it -- went to Tehran -- and my answer was well, for
7 that, we were ready to attack Iran and our forces were sitting
8 ready.

9 Taking all these with me home and trying to recon-
10 struct the events to the best of my capability, the following
11 is my summation:

12 That I believe I'm right in having received from
13 General Secord sometimes in '85 to set aside a sum -- could
14 have been \$200,000 or \$250,000 -- I cannot be very precise
15 about that -- for the benefit of the people in the field in
16 Nicaragua initiative. That was the reason for my saying there
17 was such a set aside. And the records indicated that the
18 Button account was established I believe sometime in May,
19 Mr. Nields. Was that?

20 Q There was a transfer to the capital account in the
21 name of Button on May 20 of 1986.

22 A Okay. So that in short is the following, that there
23 should be from one of those entries that we have, should
24 represent the first set aside for the death benefit of the
25 contras. The Button account was another set aside for death

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1 benefit, and this is where you helped me to remember and
2 asked who was going to be the beneficiary; and that was
3 North's family. And the way this thing evolved, and I'd like
4 to emphasize it was an evolution, and it was not a meeting or
5 a discussion. That I believe it was during -- I have been
6 hearing indirectly about Oliver North from the very beginning
7 of my association with these two projects; and I didn't meet
8 him until February of '86. And I learned about the gentleman
9 more, and I became more and more fond of him, and I got
10 emotionally attached to him, still am.

11 He never at any time had any meeting with me or I
12 a meeting with him with the presence of anyone else, including
13 General Secord, to set aside any money for his benefit. There
14 was never such a meeting.

15 However, during the very sensitive and I would say
16 also emotionally sensitive period of planning the trip to
17 Tehran, and I believe also at the same time the [REDACTED]
18 [REDACTED] projects were brewing. Those -- that period of time
19 was very, very touching, sensitive for us because we were
20 all in such a frame of mind that we may lose our boys
21 in one of these events. It was really sort of one -- they
22 were getting ready to leave, it was sort of a farewell, and
23 we were not sure what's going to happen to them.

24 There were remarks, statements and in different
25 periods of time that Ollie made using the four-letter word

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1 that he didn't care about his life, he's a soldier, he's ready
2 to die for his country; and he maintained that position
3 throughout. But he had a lot of concern about his family,
4 concern about what's going to happen to them if he dies, gets
5 killed, gets kidnapped. There was concern about what would
6 happen if they get a divorce and the family would break up.
7 All these things were happening during that time.

8 Q And these were discussed with you, I take it?

9 A I was present.

10 Q This was in Virginia or at the White House, the Old
11 Executive Office Building? Overseas?

12 A Could have been -- I think mostly overseas. It
13 could have been some in the states. That's why I chose the
14 terminology, "evolution." It was not one meeting that we
15 sat down and discussed marital and family problems of Oliver
16 North. There was no such a meeting. It was just various
17 events during various meetings.

18 During this tense period of, I believe we have
19 identified to be May came about, and I had earlier discussed
20 sometimes in the spring of '86, I can't remember when, with
21 Richard Secord. I initiated the discussions, to the best of
22 my recollection. I did. I had concern about Ollie, I said.
23 I think we should do something about it.

24 He said what do you mean. I said well, I think we
25 should have -- we should take care of his kids, and we should

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7

1 take care of -- in case he gets killed, we have done this for
2 the contras, why can't we do it for him? He said what do you
3 have in mind? I said I'd like to set aside \$500,000 to use for
4 this initiative. He said you are out of your mind. You
5 don't understand a soldier's life. These kinds of money
6 absolutely are not acceptable to me; there are benefits
7 from the government and so on. What about the income from
8 the \$200,000 set aside?

9 He accepted that, but again when I started to
10 tell him what my plan was to put this money to use, that was
11 when he divorced himself from further discussion and said that
12 he didn't want to hear anything about it. He said the bottom
13 line is -- so the bottom line is he became aware that I was
14 setting aside the \$200,000 --

15 MR. VAN CLEVE: This is Secord?

16 THE WITNESS: That's Secord. Oliver --

17 MR. JANIS: Just keep on. You became aware you
18 were setting -- he became aware you were setting aside
19 \$200,000. Finish that.

20 THE WITNESS: And he was -- he didn't want to
21 have anything to do about knowing how I was going to
22 operate that set aside. That was when I sat down with Mr.
23 Zucker to put this package together.

24 If I may divert a second from this discussion and
25 also interject that I believe this occurred during the time

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1 that I had involvement in connection with the May events in a
2 logistical manner. In other words, I was stationed, if you
3 will, in Geneva for approximately two weeks; and this was more
4 than any any other time that I could spend in one place at a
5 time, because I knew I was going to be spending that much
6 time there; and like most of the time that I would stay in a
7 hotel, I had rented a furnished apartment in Geneva.

8 I was also equipped with a KL-43 during that time,
9 which I had not, by the way, learned to use. As they put it,
10 they walked me through it as it became necessary to use.

11 And this was also the period to the best of my
12 recollection that the DEA gentleman came to visit me in
13 my apartment and pick up the \$30,000. This was also the
14 period that Tom Clines came to that apartment and got his
15 instructions from me that was passed on from, I believe,
16 Tel Aviv from Richard to me and then he took a shower and
17 I believe I had arranged for transportation for him, private
18 transportation.

19 I can't remember the details of that at this time.

20 [REDACTED] The DEA people were there, and I
21 was coordinating the events [REDACTED] which Tom Clines was
22 effectively managing.

23 MR. JANIS: Excuse me for a second.

24 Can we go off the record?

25 (Discussion off the record.)

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1 BY MR. NIELDS:

2 Q This is all part of a piece. I would like to hear
3 the whole thing.

4 MR. JANIS: Okay.

5 MR. NIELDS: Thanks. I understand what you are
6 doing, but I think I want him -- want to hear him tell the
7 whole story.

8 MR. JANIS: Okay.

9 THE WITNESS: So I was coordinating from Geneva with
10 Secord, with Tom Clines, and also with the boat, our famous
11 ship, spending day and night up doing this, using the KL-43.

12 It was during this period that I believe I held
13 serious discussions with Mr. Zucker to put some life into this
14 Button account. And this was, I believe, the period that he
15 talked about the land developer, and I made it very clear
16 that -- to Mr. Zucker that this was intended for helping with
17 the education and hit two birds with one stone, also to be
18 a set aside in case of Ollie's death.

19 This document that you have put in front of me,
20 Exhibit 5, it really in no way helps me to be precise
21 whether there has anything to do or not to do with the events.
22 I see on this thing boxed separately this -- the telephone
23 number with the name of this gentleman or whoever, Ogden;
24 telephone number; \$15,000; and then I see separately a note,
25 "RVS" -- "R. V. Secord, small fee." Then in a separate

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1 circle, I see \$15,000 wired to STTGI. I cannot really in
2 my mind say if this exhibit relates or doesn't relate to what
3 I have explained. It may, it may not.

4 BY MR. NIELDS:

5 Q I take it the thing that would point you in the
6 direction that it somehow would relate is the use of the
7 phrase "Mrs. Bellybutton."

8 A The phrase "Bellybutton." The only significance
9 this document has for me is that I discussed with Mr.
10 Zucker the developer method that I explained yesterday.

11 Q I am sorry. I want you to be able to tell your
12 story uninterrupted in the main, but how does this document
13 help you fix the time when you talked about the developer?

14 A Because in this box with the arrow saying Mrs.
15 Bellybutton, the arrow pointing to this, and the 15,000, and
16 I -- even without having had the chance of looking at the
17 figures, I told you that roughly I thought the interest
18 on \$200,000 would be something between \$13- to \$15,000. And
19 that's what I remembered. That's why in my mind I relate
20 them.

21 I must also add at this time that when Oliver
22 North was making the kind of remarks that I heard he
23 testified, I did not tell him that I had established an
24 account or intended to establish an account; however, I did
25 tell him that Ollie ^{we're} your one family, any of us who would stay

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1 alive would look after your family. I don't want you to worry
2 about that. And tears came to his eyes. So to mine. And
3 living that, tears come to my eyes again. It was a very
4 tense period; a very, very tense period.

5 We had our boys spread out all over the world
6 amongst maniacs, crazy people, the boat. It was really
7 terrible.

8 Anyway, coming back to the type of information
9 that you need for your deposition here, I did not tell or share
10 with North that I was planning to set aside a \$200,000 death
11 benefit for the -- under the account named Button. This was
12 created between Zucker and I, but I did tell him that ^{we}~~you~~
13 are one family, and he needs not to worry. I hope I answered
14 your question.

15 Q Good. I'm going to -- I have a few more questions
16 I want to ask you about. The word, "Button," I think on the
17 first day of your deposition, you gave two or three different
18 answers about what it meant. Now the record, the transcript
19 will reflect what you said and I may be mis^{re}calling it, but
20 my memory is that the first thing you said was button, button
21 up. Then you made a reference to bellybutton, something
22 about pushing a bellybutton.

23 A I said you had -- it had to do with the wives,
24 if you recall. At that time you were not getting into the --

25 Q Which came first in your recollection, button or

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1 bellybutton?

2 A I cannot be sure, Mr. Nields. I really cannot be
3 sure.

4 Q What was the derivation of the word, "Button,"
5 to the best of your recollection?

6 A It could have started bellybutton, and then we
7 shortened it to button, and then maybe B. Button. It all
8 could have happened at the same time. I really don't know the
9 exact sequence of events, but I also testified that Bill
10 Zucker sometimes has a funny sense of humor.

11 The idea that he was putting across is if something
12 happens to Ollie, somebody has to go and caress and comfort
13 Mrs. North. That was what he was trying to put across.
14 That was his choice of word type. There was no pre-- you know,
15 scheme to come up like, for instance, C. Tea. That was a
16 design. This has absolutely no architectural thought behind
17 it. It was something that came out in our discussions, and
18 we used it.

19 Q When do you -- again with your refreshed recollection
20 when to the best of your recollection did the meeting in
21 Philadelphia between Mr. Zucker and Mrs. North occur?

22 A I really cannot be sure. It could even have
23 happened before then. Could have happened before we set up the
24 account. Or after. I really have no recollection.

25 Q Well, again I don't want to push you into a

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13

1 recollection you don't have, but I would like to make sure that
2 I've asked you all the questions that might help you refresh
3 your memory.

4 The way you've described it, it makes it sound
5 as though this idea came about as a result of the intensity
6 of the concern that you had for Mr. North during the
7 period leading up to the trip to Tehran.

8 A That's wrong.

9 Q Well --

10 A That's when I became operational about it. I test-
11 ified that I have been hearing about these problems even
12 prior to the time that I met Mr. North through Secord, who
13 North was, what was happening, and so on. He was telling
14 me quite a bit about him. That was the time that I really --
15 you know, I said it cannot be an idea any more. It has
16 to happen. Because we were becoming operational.

17 Q So that you had the idea sometime earlier that you
18 wanted to help out North's family?

19 A With the kids, yes.

20 Q And then you actually took steps to do something
21 about it in the period in May when you were stationed
22 in Geneva right before the trip to Tehran?

23 A Right. And this is in line with my earlier
24 testimony that I -- for the benefit of the kids, I wanted
25 to use the interest from the set aside. That created the

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14

1 confusion in my mind until Lou brought up about there being
2 two set asides.

3 That is also another possibility that was proposed
4 this morning to me that I cannot -- I don't remember. Whether
5 by the time that the -- we created the account "But-ton," but
6 it was the very same set aside for the contras that we just
7 changed the beneficiary of it. This was a question -- this
8 question was raised by one of my lawyers. I said it's
9 possible. I don't remember.

10 Q But you are saying there that it might have been
11 the very same \$200,000 amount and that you changed the
12 beneficiary from the contra, people working on the contra
13 project to Mr. North?

14 A Yes. Because by then we had enough ^{money} ~~money's~~
15 that we intended to use for the contras. That's -- you know,
16 that's a logical approach. I don't know whether I thought
17 of it, whether I did it. I cannot be sure. The documents
18 may help us to see if there are other set asides.

19 Q My recollection again is that yesterday you said
20 something to the effect that there was an idea of going to this
21 contractor in the U.S., having Mr. Zucker go to him?

22 A A developer.

23 Q Developer. And that that never happened. That
24 you never got around to doing it? Or something to that
25 effect? Is that correct?

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15-16

1 A I -- that is my testimony. The answer is yes.

2 Q And then my question is going to be to the best
3 of your memory, why wasn't that -- no one ever got around to
4 approaching the contractor?

5 A I remember a definite discussion that I had with
6 Zucker when I urged him to do that by phone. He said such
7 things you don't do by phone. Whether the reason it did not
8 take place is because he didn't go to the States, I really
9 don't know why he didn't. I never asked Mr. Zucker how
10 he approached Mrs. North, what they discussed, the details.
11 I had a general understanding that he was searching to
12 understand the structure. I tried -- effectively, Mr.
13 Nields, I was trying to create a situation that Mrs. North
14 would become, if you will -- I'm talking about a character
15 that's not my expertise, to become a client of a lawyer,
16 i.e. Mr. Zucker.

17 I didn't want to know what went on between them.
18 So I wanted to generate the idea, leave it up to them to
19 deal with. So I didn't ask too many questions.

20 Q Is it consistent with your recollection that the
21 developer was never contacted because you ran out of time,
22 so to speak? In other words, the publicity started and
23 things started falling apart and that's the reason the
24 developer was not contacted?

25 A Well, if this is the case, then I don't know how

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17

1 to cover between May and November.

2 Isn't it clear that I said I don't know if Mr.
3 Zucker did contact or did not contact the developer? I think
4 I testified to that, that I don't know.

5 Q My understanding of your testimony is that you
6 don't know, but your general impression was that he never
7 got around to it?

8 A Yes.

9 Q Is that correct?

10 A I don't know. Yes. Exactly. That's correct.

11 Q What is your best recollection of the -- I take it you
12 had a number of conversations with Mr. Zucker on this subject?
13 Both before and after the time when you actually set up the set
14 aside?

15 A That's correct.

16 Q What is your best recollection of the span of time
17 covered by those conversations?

18 A It could be months, span. It could have -- the
19 best way that I can restructure events in my mind was
20 that the issue of the school came about first and then came
21 the issue of the --

22 Q Set aside?

23 A -- death set aside -- death benefits set aside.
24 That's why I have been saying -- talking about the interest
25 of the death set aside. It's very possible a discussion

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18

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1 I had first related to the interest of the death benefits set
2 aside of the contras to use for that purpose. That could be
3 the confusion -- the confusing issue.

4 Q Am I understanding your testimony correctly that
5 after the trip to Tehran, the set aside remained in place for
6 the benefit of Mr. North?

7 A For the same purpose.

8 Q Do you have any recollection of a time when you
9 discussed with Mr. Zucker the possibility of making a lump-sum
10 transfer to Mrs. North in the approximate amount of \$70,000,
11 \$75,000?

12 A I cannot remember such a discussion. I do remember
13 saying that that is how much it would have cost to put the kid
14 through school, but to make a lump-sum transfer, I don't recall
15 such a thing.

16 Q What is your -- I would like to just ask that in an
17 open-ended way and have you tell us everything that comes to
18 your mind on this subject.

19 I take it that your recollection is you never
20 specifically discussed with Mr. North precisely what you were
21 doing?

22 A That is correct.

23 Q And I take it from your testimony yesterday that you
24 have no reason to believe that Mr. Second specifically dis-
25 cussed what you were doing with Mr. North?

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1dd 2

1 A That is a logical conclusion, because he didn't
2 want to know what I was doing.

3 Q You never asked him to do it?

4 A No. I definitely did not.

5 Q And he never told you that he did it?

6 A That is also correct.

7 Q And he never told you that he was going to do it?

8 A That is also correct.

9 Q So if he did it, if he did it, it was totally
10 without your knowledge?

11 A And -- the answer is yes, and if he did it, it
12 would be very much unlike him.

13 Q I take it then the most that you told Mr. North
14 on this subject was what you testified to earlier, that you
15 were all one family and that if anything happened to him, you
16 would look after --

17 A Anyone who would stay alive, look after --

18 Q His family?

19 A -- his family, yes.

20 Q Now, what -- can you tell us everything that you
21 know on the subject of what Mrs. North was told about this
22 arrangement?

23 Make sure that as you do --

24 A You mean by Mr. Zucker, you mean? I haven't spoken
25 with Mrs. --

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1 Q I understand.

2 You had no conversations with Mrs. North about this?

3 A No.

4 MR. JANIS: Do you know anything, do you know any-
5 thing Mrs. North was told?

6 THE WITNESS: No. No.

7 BY MR. NIELDS:

8 Q Did Mr. Zucker -- I guess I want to ask this in an
9 open-ended way. What did Mr. Zucker tell you that would bear
10 on the question of what he told Mrs. North?

11 A Not more than what I have already told you. He
12 tried to examine the family structure of Mr. and Mrs. North,
13 the relatives to see if he could use someone within the family
14 for that purpose.

15 He either did not get the information from Mrs.
16 North or there was no such a candidate. That is how he started
17 to look outside of the family. That is the only thing that I
18 recall that Mr. Zucker told me in connection with this.

19 Q And what, if anything, did Mr. Zucker tell you on the
20 subject of what he told Mrs. North about the source of the
21 money?

22 A Well, I asked him not to identify me. I cannot
23 testify if he followed those instructions or not. I really
24 don't know.

25 Q Did Mr. North know Mr. Zucker?

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1 A I cannot recall -- when you say ^{KNOW,} ~~no~~, you mean meeting
2 him?

3 Q That is my first question, yes.

4 A I cannot recall that they have ever met. I am
5 searching through my mind, seeing if they met in the States.
6 I cannot recall the case as such. I cannot recall Mr. North --
7 we had one or two meetings with the Iranians, the second
8 channel, in Geneva.

9 I cannot recall if there was a need or an occasion
10 for him to meet Mr. Zucker then. I can't remember that.
11 Definitely, there was no meeting in Frankfurt. We had a few
12 meetings in Frankfurt with the Iranians.

13 I cannot recall Mr. Zucker meeting Mr. North there.
14 I just -- I find it very out of regular.

15 Q Did Mr. North know who Mr. Zucker was?

16 A Definitely.

17 Q Now, again I don't want your -- I am going to say
18 something to you, and I only -- my only question is going to
19 be whether this refreshes your memory in any way. Okay?

20 A Yes.

21 Q But your lawyer asked us yesterday if we knew when
22 Mr. Zucker was in Philadelphia.

23 A Yes.

24 Q We have information -- again, I don't want this to
25 put something in your mind; I only want to confront you with it

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1 to see if it refreshes your memory, that he was in Philadelphia
2 in August and September of 1986 in connection with "For^uway."

3 A Yes.

4 Q Does that ring a bell as the time when you learned
5 that he had met with Mrs. North?

6 A I still cannot be specific, but the dates -- but the
7 issue of "For^uway," that is important for me, because I know he
8 was in Philadelphia, and I so testified.

9 Q Yes.

10 A That he was there to take -- he was seeing his
11 lawyer in connection with "For^uway."

12 Q With "For^uway" at the time he met with Mrs. North?

13 A Right. He did not make a special trip. He was there
14 and that was convenient, that is how they organized it. If
15 that is the date, then it is consistent that I was concentrating
16 on the issue of the education prior to concentrating on the
17 death benefit.

18 Q This would be September, August-September of 1986?

19 A 1986? Still falls within the time frame.

20 Q Just -- I think you were answering as I was asking,
21 so I want to make sure the question gets clearly on the record.
22 You don't have any -- this doesn't help you refresh your memory
23 as to the time, but you are able to say that you recall that
24 Mr. Zucker met Mrs. North in Philadelphia when he was there in
25 Philadelphia for the purpose of handling some "For^uway" business

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1 A That is correct.

2 Q Is there a will or some equivalent kind of testa-
3 mentary document in connection with the \$200,000 set aside for
4 North?

5 A You mean that I prepared?

6 Q Or that you are aware of?

7 A No.

8 Q Is there a -- to your knowledge, is there a separate
9 fiduciary agreement between North and Zucker or Mrs. North and
10 Zucker relating to this \$200,000 set aside?

11 A I am not aware of it at this point.

12 Q Did you have a chance between the last -- yesterday's
13 deposition and today to discuss any of this with Mr. Zucker?

14 A No. Definitely not.

15 Q Or anyone else to refresh your memory other than
16 your lawyers?

17 A No.

18 Q Did CSF or Zucker or you, to your knowledge, involve
19 either of the Norths in any real estate deal in Arizona?

20 A I don't know; no.

21 Q That doesn't ring a bell at all?

22 A No.

23 MR. VAN CLEVE: I have a couple of follow-up
24 questions.

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EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. VAN CLEVE:

Q There are a couple of things about this situation that I don't think I understood from the testimony both yesterday and this morning.

You told us that you first became aware, at least I think you told us, that you first became aware that North was having personal problems through Mr. Secord; is that correct?

A That is correct.

Q What exactly did he tell you about North's personal problems?

A Well, it was talking about all of us, all the wives. Mr. Secord was not far from also separating from his wife either, you know. It was -- we were talking about the pressure of all these on all of us, in that context it came about.

Q He said there was a lot of pressure on North, did he?

A Yes.

Q And did he -- what did he say about the effect the pressure might have on North?

A You mean as far as Mrs. North is concerned?

Q Mrs. North, or the way it was affecting North's performance of his job, or his relationship with Secord, or anything like that? I mean, I assume when this was first brought up, it was really brought up as a business matter; and

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1 Second is telling you we are dealing with North, North has a
2 problem.

3 A Business matter?

4 Q In connection with the -- I gather it would have
5 been in connection with the operation you all were involved in.

6 A No. No.

7 Q That it would have come up?

8 A No. That is a misunderstanding. It came about as
9 sort of the talk about how to let out steam. We are -- you
10 know, we are so deep in this and we are working so hard that
11 it is affecting our families. And has affected North's
12 family and wife more than anyone else because he's never home,
13 doesn't eat properly. His wife has had it.

14 Q That is -- I understand that. That is a very
15 legitimate human concern. What I am trying to get at is did
16 General Second draw any conclusion from that about North's
17 performance that it might be affecting the way he was doing his
18 job, or his decision making, or anything like that?

19 A Oh, now we are moving away from the family, coming
20 to Mr. North?

21 Q Right.

22 A Oh, I see. I am sorry.

23 Q No. That is okay.

24 A He regularly made remarks about North's abilities
25 and the way he performed. He was at all times -- Second -- so

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1 was I, amazed as to how this man could function under all that
2 pressure.

3 I believe he worked on two, three, four hours of
4 sleep and maybe one meal a day, maybe. That was -- he only --
5 we talked about it. He is an amazing man, so devoted. He
6 doesn't care about -- I specifically remember that at one point
7 I suggested to him to go through the same health farm that
8 Secord and Tom Clines went. He thought I was nuts. He did.
9 I know how much he wants to take his -- I believe it was his
10 son-- I really haven't met his family -- mountain climbing,
11 something.

12 He said if I could find him, I would take my son
13 mountain climbing or whatever it was. He is an extraordinary
14 man. I haven't seen anything like him.

15 Q I guess I can be a little more direct. I do not want
16 to put words in your mouth, but was the concern ever expressed
17 to you that unless something was done about the pressure that
18 North was experiencing, he would crack up? He would have an
19 emotional breakdown of some kind?

20 A Oh, no. Never.

21 Q You never heard anything mentioned like that?

22 A Never.

23 Q By Secord or anyone else?

24 A No. If I would have heard this from anyone, I
25 would have challenged him. Because I -- I was present

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1 under very, very tense moments, hours. When I say hours, I am
2 talking about 10, 15, 20 hours, that what I saw from the tapes
3 of hearings, that is chicken feed compared with the times that
4 we went through, especially with the second channel.

5 And how that man operated, I just -- he is all, by
6 the way, taped and recorded. He is an amazing man. There is
7 no question. If anyone would have come told me he is cracking
8 up, I would have definitely objected to that judgment.

9 Q So that was not the purpose of trying to help North
10 out?

11 A No.

12 Q Was it to avoid that kind of problem?

13 A No. No. It was solely emotional. It was
14 basically -- he was and is a soldier through and through. He
15 loves his family, but, you know, he is obsessed with getting
16 killed for his country. Honestly. I think he is searching for
17 a way. I may be totally misunderstanding him, but the man is
18 prepared at any time to give his life.

19 To him, that is the greatest thing that can happen
20 to him. So he is -- he is a very unusual character. A man
21 like this will never crack down. He has so much love for his
22 country and so much love for people. He has demonstrated that.

23 In addition to that, he is very religious. One thing
24 that never stood in his way -- I know that from personal
25 experience, if I ever called him Sunday morning, he was getting

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1 ready to go to church, by God he would call me names. He
2 would.

3 Q I think you told us yesterday that when you told
4 Secord that you wanted to try to help North, he didn't want to
5 get involved in that; is that right?

6 A When I told him -- started to tell him how I wanted
7 to do that, he said, "Leave me out of it. I don't want to know
8 about it."

9 Q Why is that?

10 MR. JANIS: He can't know why Secord would have
11 said that.

12 Do you know what was in Secord's mind?

13 THE WITNESS: I can speculate.

14 MR. JANIS: Okay. You can speculate.

15 THE WITNESS: The total -- please forgive me. I
16 heard this morning a remark from my attorney that Mr. Nields
17 has to listen to me for a long time to get a few ounces of
18 information, and that immediately gave me an idea that maybe
19 we can turn that into a business venture because --

20 MR. JANIS: You don't need to go into it.

21 THE WITNESS: I want to. I want to. Sometimes when
22 I talk, they say, "Well, you didn't put the point across.
23 You didn't talk enough."

24 Sometimes when I talk, they say, "You are talking
25 too much." I don't know where in the hell to draw the line.

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1 MR. JANIS: There was a question here.

2 THE WITNESS: What was the question, sir?

3 BY MR. VAN CLEVE:

4 Q The question was, if you know, why did General
5 Secord not want to get involved in your efforts to help Mr.
6 North?

7 A So you have to be patient with me to answer that
8 question.

9 Q Apparently so.

10 A I believe it had to do with the total concept of the
11 structure of this unusual operation. It was a situation that
12 everything was a known secret. They didn't want to know, then
13 they wanted to be able to say they knew. It was business; it
14 was government. I testified to that.

15 It was -- it was genetically the same reason. That
16 is my speculation. I don't know why Mr. Secord said that.

17 MR. VAN CLEVE: Okay. I don't think I have anything
18 further on that.

19 Thank you.
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EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q I would like to pursue that. I intended to earlier and I forgot.

I think you testified today that you originally proposed a \$500,000 set aside?

A That is to the best of my recollection, yes.

Q And that Secord objected. I think you said what he said to you was you don't understand a soldier's life and something about it being money from the government.

Can you be a little more specific about what his objection was?

MR. JANIS: Just for the record, I think what he has testified to was that General Secord said you don't understand a soldier's life; at any rate, there are benefits he would receive from the government.

BY MR. NIELDS:

Q Is that correct?

A That is correct.

Q I see. Okay.

Was he objecting to -- at that point, was he objecting to the quantity of the money or was he making some other kind of objection?

A There is no question that he was objecting to the amount. Then he also knew my feelings about the situation.

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1 What really constituted his objection, I think -- I cannot
2 speak for him.

3 MR. JANIS: Wait a minute.

4 Make that clear.

5 THE WITNESS: The bottom line, I testified earlier
6 that he did not object to the \$200,000. I am on the record for
7 that, but I can -- I don't know what his motivations were, but
8 he agreed to the \$200,000 and he did not agree to the \$500,000.
9 That I can tell you.

10 BY MR. NIELDS:

11 Q Okay.

12 MR. JANIS: Are we through with this area?

13 MR. NIELDS: I think so unless someone wants me to
14 ask this question.

15 MR. JANIS: Can we take a short break? Maybe you
16 can get him some coffee.

17 [Brief recess.]

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1 MR. NIELDS: Let's go back on the record.

2 BY MR. NIELDS:

3 Q Mr. Hakim, I would like to ask you some questions now
4 on the subject of the Iranian initiative.

5 I think maybe the best way to go about it is for you
6 simply to tell us how the Iranian initiative first came to your
7 attention. You did this to some degree yesterday, but we might
8 as well cover the whole subject now.

9 A It first came to my attention when General Secord
10 felt that he needed assistance in dealing with Mr. Ghorbanifar
11 and basically trying to locate him. He had a hard time to
12 deal with the people in Paris, calling them, trying to under-
13 stand where he might be, and so he asked for my assistance and
14 I managed to locate where the gentleman was and passed informa-
15 tion on to him and then he would contact him and talk to him.

16 That's how it started. And then --

17 Q Your recollection is that at this point in time,
18 Secord was in this country, not wandering around Europe?

19 A That's correct. That's correct.

20 Q And your best recollection is this was late 1985 or
21 very early 1986?

22 A That is correct. That's also correct.

23 I became more involved when I was in -- I believe I
24 was in Geneva and General Secord called me. He could have been
25 in the States. I'm not sure, or he could have been in another

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1 location outside of the United States when he called me and
2 said that if I would be willing to assist with the translation,
3 because they have been unable to get a suitable person for that
4 purpose.

5 Q Let me just stop you there. At the point at which it
6 was discussed with you that a translator was needed, what did
7 you then understand the Iranian initiative to consist of?

8 A My understanding was -- and later on it was sub-
9 stantiated that the United States was seeking a way of
10 reestablishing relationship with Iran. That was my understanding
11 of it. At that time there was no issue of hostages, weapons
12 as such discussed with me.

13 Q Okay. I want to ask you this question, then: Were
14 you -- I take it there were various kinds of contributions that
15 were made into the Lake Resources account for the benefit of the
16 contras that you were aware of?

17 A Yes, sir.

18 Q Were you told who had made the contributions?

19 A No. Never.

20 Q In no instance?

21 A Not that I can recall.

22 Q Just to make sure I have this on the record accurately
23 there were at various times in '85 and '86 at least three,
24 \$1 million deposits --

25 A Oh. Oh. When you say contributions, I immediately

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1 focus on the contras. Is that what your -- what's our point of
2 reference? Are we talking about Iran now or talking about
3 contras?

4 Q I am not certain -- I am talking about three,
5 \$1 million deposits and I'm asking you whether you were aware
6 at the time those deposits were made -- they are reflected in
7 the records that you provided to us. What did you know about
8 where that money had come from?

9 A I had no idea.

10 Q All right.

11 Now, you were about to say in connection with the
12 Iranian initiative, you were aware of the source of certain
13 monies?

14 A When I -- I was aware when the monies -- at a later
15 date, that monies were paid for purchase of weapons. You said
16 contribution. I attributed that to the contra effort and then
17 you said monies received --

18 Q To pay for --

19 A Then I made the distinction that monies received --
20 that I was aware that it came for the purchase of weapons.

21 Q Okay. But other than the monies that came for the
22 purchase of weapons, you didn't know what the source of the
23 contributions were?

24 A That is correct.

25 Q And -- okay. Let's pick it up with where I

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1 interrupted you. I think you were saying that at the time you
2 were asked for a translator, that you understood there was an
3 effort to reestablish ties with Iran and you didn't know anything
4 about arms or hostages then?

5 A That is correct.

6 Q Okay.

7 A I basically accepted to help with this effort under
8 objection because I have testified earlier that I do not find
9 Mr. Ghorbanifar a person that I like to be associated with.
10 Richard explained to me that they had failed to get any other
11 interpreter, and I said, fine, if this is the case, I'll be
12 more than happy to assist.

13 Then he immediately wanted me to make reservations
14 at the hotel at the airport, [REDACTED] in Frankfurt
15 and be there earlier and expected the group to arrive. So I
16 did so. Finally, the people arrived from various places and
17 we were sitting, Richard and I and I believe also the CIA
18 official or he could have come together with Ollie, I don't
19 remember, but there came a time that for the first time I got
20 to be introduced to Oliver North and the CIA official.

21 Q This was in Frankfurt?

22 A This was in Frankfurt in the room of Oliver North.

23 Q Was there an issue about -- that had arisen earlier
24 about whether you would appear in disguise?

25 A Well, no -- this -- when Oliver North came in and

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1 then -- with the CIA official, Richard and I, he started to --
2 the first time say, okay, I was brought into this cold, what am
3 I supposed to do, what's going on, I'm not prepared; and then
4 I was aware of the earlier attempt of General Secord to bring
5 me into this and Mr. Ghorbanifar had very seriously objected to
6 that.

7 And so there I'm sitting there and said to the group,
8 I certainly would remember Ghorbanifar. There is no reason
9 that he would not remember me. So how do you want me to go
10 into this meeting.

11 So they turned to the CIA official and said, do you
12 have somebody that can disguise Albert, and the guy said, by
13 the time I go through the bureaucracy, it will be the end of
14 the meeting.

15 So Oliver North turned around to me and said, I've
16 heard from Richard that you're very resourceful, why don't you
17 go and disguise yourself. I said, thanks.

18 So I left the hotel, came down to the concierge, said
19 I need to buy a gift for my father and I want to get a wig for
20 him. Where is the best place to go?

21 So a lady is looking at me, said -- gave me a couple
22 of addresses, recommended one. I got a cab. I went to the
23 place and the lady started to go through all kinds of salesmansh
24 to sell me the best wig and if I wanted to swim, I didn't want
25 to swim, and I'm sitting there knowing that the meeting is going

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1 to start very soon and I cannot -- lady, let's get on with it,
2 I don't give a damn, just give me a wig.

3 So she goes and brings me a number of wigs to select
4 from. This has that advantage, this one this. Finally, to
5 make a long story short, I said, this is beautiful, just let's
6 try it on. And so we tried it on and I looked at myself, I
7 said, oh, this is not good enough. I said, I don't like the
8 style of this. Do you have a barber? They sent me to the
9 basement. There was another lady. I said, I would like my
10 hairdo in this form. We managed to shape it in such a way that
11 it didn't look like me.

12 And I normally don't wear eyeglasses, but I have a
13 pair of folding eyeglasses that I carry in my briefcase. I put
14 that on and walked into the room and those three guys were just
15 shocked, amazed. They didn't think that there was a chance for
16 Ghorbanifar to know who I was. So I was prepared. The funny
17 thing was that by then the Israeli agent also came in. They
18 briefed me a little bit, what was going on, what was expected
19 of me to do, and they told me this was an acrobat. I was
20 supposed to be two places at the same time, translating. Of
21 course, the final decision was that they were going to hold a
22 political meeting and they were going to hold a military meeting
23 and these two meetings were in two different hotels; and one
24 interpreter.

25 So we managed to get around that so I would rush from one

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1 meeting to the other; but the strange thing to me was that the
2 Israeli agent comes in and -- a young looking gentleman, and he
3 says, well, sitting with these Iranians, they respect people
4 who have white hair; they have more value for them. I had to
5 take the Israeli guy with me to go to the same place that I put
6 my wig to get some spray to make him look older. That mission
7 was given to me as well.

8 Q Do you remember the name of the Iranian -- the
9 Israeli?

10 A Nir. So I'm waling with this Israeli, going to --
11 downtown area. He's not supposed to know who I am. And that
12 was a challenge, really, to spend 45 minutes with a guy and
13 act like a spy, something that I'd never done before.

14 So we got over all that and then Mr. Ghorbanifar --
15 we came back. Ghorbanifar came in and further coordination was
16 made with him and we arranged how, where, who was going to be
17 present for the meetings. And it was at that time that they
18 decided to have two separate gatherings, one with Mr. Ghorbanifa
19 the Iranian representative, the official of CIA, Mr. North,
20 and myself and a second meeting right after the first meeting
21 in a different hotel with the CIA official, General Secord, and
22 myself and the Iranian group.

23 Q All of the Iranian group or just the military people?

24 A Just the military. Different. We segregated the two.

25 Q I take it the meetings were to take place one after

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1 the other?

2 A That is correct. I finished one meeting and got into
3 a cab, ran to the other one with Mr. Second and the official
4 from the CIA.

5 Q Was the subject of arms for hostages discussed with
6 you in preparation for these meetings?

7 A Not that I recall. They basically explained to me
8 what was the objective of the United States. They said that
9 they wanted to reestablish relationship with Iran. It was
10 important, and they did not really tell me what the Iranians
11 expected out of this. There was not time to brief me any further.
12 So this was -- this time it was -- if I'm not mistaken, we had
13 a social visit with the Iranian and then our official meeting
14 started the next day, because it was pretty late by then. But I
15 could be wrong that we did not meet the Iranian official until
16 the next day in his room and he had prepared breakfast for us
17 and we had a discussion before going in there with the CIA
18 official as to how to tape the recorded discussions, and he
19 brought his machine in his briefcase and he finally managed to
20 place the briefcase in a place that would serve the purpose and
21 then Iranians would not get jittery about seeing a briefcase
22 there. They don't like that.

23 He may have used his pocket. I don't remember. He
24 hung his coat someplace with the recorder in it. But the point
25 is we managed to the best of my knowledge to record the events

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1 of that day.

2 Q Did you function as the translator?

3 A This is what I was about to tell you. I found myself
4 very quickly that they needed more than translator. There was
5 such a gap in communicating and I'm not talking about the subtle
6 type of interpretation as we have referred to in my talk with
7 you. Big gap. Just -- they were coming from two different
8 worlds.

9 Q Could you describe that further?

10 A Here is an American group very sophisticated, worldly.
11 They have in their past experience been involved with inter-
12 national affairs, you know, totally at the level of exposure
13 was at such a point that the Iranian representative could have
14 never gotten to that point. Here they come, Americans with
15 a very, very different attitude and there is effectively this
16 gentleman that later on I learned that he -- prior to the
17 revolution,

18 [REDACTED] He could -- his knowledge of the Farsi language was
19 embarrassing, and so such a big gap. You know, sitting there,
20 I'm sitting in the middle, my God, and they are sitting --
21 Mr. Ghorbanifar is trying to be the -- right in open to be
22 the mouthpiece, and adviser of this Iranian gentleman and at
23 the same time right in my presence trying to misrepresent the --
24 the idea was for me to sit there and watch Mr. Ghorbanifar and
25 see how he translates and keep him honest. Very soon I found

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1 out that I have to -- I better take a more active part in this
2 because the man had no hesitation, knowing there was a Farsi-
3 speaking man sitting there and understand Farsi well, he was
4 not shy to lie effectively in his interpretation of what was
5 going on.

6 Q Can you think of an example? A specific example?

7 A No, Mr. Nields, but I am very sure if one would refer
8 to the tape, it would be available there because I took serious
9 objection and I made -- I wanted to end that nonsense very
10 quickly and once and for all. I said very openly without being
11 bashful that this is wrong interpretation and translation,
12 should have been this.

13 Q Did you say this --

14 A To Mr. Ghorbanifar.

15 Q -- in English or Farsi?

16 A Both.

17 Q So the Iranian could hear you?

18 A To the best of my recollection I did it in both.

19 I wanted the Iranian representative to understand where I was
20 coming from. And I started to address him, and then I did it
21 in English.

22 So I found myself, to answer your question, that I had
23 to also bridge the cultural gap in addition to the language
24 problem. And that mission was accomplished but my -- what I
25 recall from what happened in the meeting was until to the bitter

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1 end of the meeting, they were not communicating. They were --
2 on two different frequencies. Oliver North, who was heading the
3 delegation, was talking about long-term relationship, how we --
4 the United States thinks of Iran, how important Iran is for
5 the United States, how they want to evolve into a better
6 relationship and saying that the United States has recognized
7 and accepted the revolution and has respect for them and wants
8 to --

9 (Discussion off the record.)
10

11 BY MR. NIELDS:

12 Q Why don't you finish your answer?

13 A And the Iranian gentleman is sitting there and all
14 this is being translated to him as if it was never spoken. He
15 goes back and he talks about Volkswagens.

16 Q About what?

17 A I'll come to it in a minute. It is okay to -- by
18 that he was referring to -- is it okay?

19 Q Yes.

20 A He was referring to code name for Phoenix missiles.
21 That was Volkswagens.

22 So you were in the same room, thinking that we are
23 trying to establish relationship between two countries, Oliver
24 North sitting there and thinking that he's talking to at least
25 somebody from a more -- an Arab country, at least at that level.

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1 There he is, this gentleman who has never been into anything
2 as such except he was a businessman. He didn't even focus on
3 what North was saying. He kept on saying what about our weapons
4 and they talked a little bit about -- I believe they talked
5 about Hawks and TOWs, but Oliver North tried to bring and direct
6 the discussion to more of the long-term relationship, and then
7 this man would go back and say, what about the Volkswagens.
8 That's all I remember, the focus of it. A lot of details were
9 discussed but they were going past each other.

10 Q Just to make sure I understand, at this point in
11 time the person who is speaking about Volkswagens?

12 A Is the Iranian representative.

13 Q Not Ghorbanifar?

14 A No. By this time I had taken a more active part.

15 Q You are now doing the translating?

16 A Most of it, yes. I believe to impress the Iranian
17 a little bit of exaggeration was added to this in introducing
18 me as the special translator of the President of the United States
19 and that got me into trouble because when the meeting was
20 finished with this gentleman, he tried to catch me in the
21 corridors alone to take special message from him directly to
22 the President of the United States and he said I should whisper
23 that into his ears and get him to take care of the Volkswagens
24 right away.

25 MR. NIELDS: Can we go off the record?

(Discussion off the record.)

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1 BY MR. NIELDS:

2 Q Where were we? It was where you went outside the
3 room and he wanted you to send a special message to the Presiden

4 A That was at the later time that he cornered me when
5 I was standing with General Secord in the lobby and pulled me
6 to the side and by then he had become -- he thought he became
7 very close to me and started calling me on a first name basis
8 and adding the word for intimacy that is referred to as something
9 like "Brother". Brother Abe, that's the name --

10 Q Abraham Ebrahim?

11 A Richard I believe didn't remember. It was Ebrahim
12 Ebrahimian. That's what I used.

13 [REDACTED] I still
14 have photos of myself with that wig on. A very interesting
15 picture.

16 Q You do have photos of it?

17 A Yes. I have photos of it.

18 Q Did you bring them with you?

19 A No. It is at home.

20 Q Home is California?

21 A California. I'll be more than happy to provide you.

22 Q I think we would like to see that.

23 A Yes. So I still have the wig, too.

24 MR. WECHSLER: Why don't you wear it during the
25 hearings?

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1 THE WITNESS: Something very interesting happened.
2 I don't need this thing to be publicized, because I don't think
3 it will help the relation of the two countries, but I think I
4 should bring that out to help the responsible agencies who may
5 want to pursue re-establishment of relationship with Iran to
6 understand their psychology a little bit better. So it may
7 sound funny when I explain to you what I have in mind, but it
8 is a very important issue.

9 When this gentleman, [REDACTED] cornered me in the lobby
10 with General Secord being there --

11 (Discussion off the record.)

12 THE WITNESS: I was about to tell you about the issue
13 that I considered important as the educational matter. When he
14 asked me to take a special message to the President of the
15 United States, there was no question in my mind what he was
16 trying to tell me, knowing the culture and -- so well. He
17 wanted me to see if I could strike a deal for the President of
18 the United States, a financial deal, to see if the President
19 could consider being motivated somehow financially to give
20 him the Phoenixes.

21 BY MR. NIELDS:

22 Q In other words, whether there was a way a lot of money
23 could be made available to the President, and then he would give
24 Phoenixes to the Iranians?

25 A Yes. That was the attitude. Okay? What he

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1 whispered into my ears is that Brother Abe, you know what I
2 mean, why don't you when you are alone together sit down, pull
3 him to a corner, and see if you can strike a deal. That's very
4 important. If I'm given an opportunity, I really would like
5 to elaborate on this issue, not on this incident, but on this
6 issue. It is very important for our politicians and diplomats
7 to understand who the Iranians are today. I have had ample
8 opportunity not only based on my previous experience of living
9 there and dealing with them. I had the greatest opportunity
10 of touching and feeling and understanding these people and all
11 the different factions and what this gentleman represented is
12 not at all the type -- an example of the kind of people that we
13 later on established as the second channel. It is very different

14 And if one would not understand the psychology of
15 these various factions and how they operate because we do not
16 have any human intelligence in there, we have no information,
17 it is going to be a very, very difficult communication if they
18 ever try to again communicate with these people. There's
19 a lot of work and preparation to be made to talk to these
20 people again. The gap is immense and in the second channel,
21 we managed to close that gap. We will get into that separately,
22 but I know I'm a businessman but when it comes to dealing
23 with people, especially with my background in marketing, I'm
24 a pretty good judge of character, of people, where their mind
25 is at. So I can be helpful in that respect.

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1 So to go back to the substance of this, the -- this
2 meeting was finished with the understanding that a meeting
3 should be arranged in Iran for the higher officials to meet;
4 and the location that was recommended for this place was
5 Kish Island, which we referred to later on during numerous
6 telephone conversations by the way, since you are asking me
7 my involvement in the first channel, I had many, many telephone
8 conversations with this [REDACTED] from Vienna, Virginia from my
9 office to Tehran. He called me -- I called him, I called his
10 office, his home; his other associates called me. So there
11 should be -- and all of these, I taped it and give the tape to
12 be given to the CIA. So there should be tapes on that as
13 well.

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BY MR. NIELDS:

1 Q These are tapes of telephone conversations between
2 you and the Iranian representative?

3 A And this [REDACTED]

4 Q And you made those tapes available to the CIA?

5 A I made it available to General Secord, to make it
6 available to the CIA. So --

7 Q Just getting back before these conversations, I
8 want to finish up on the meeting in February in Frankfurt.
9 Did the subject of -- At the political meeting -- did the
10 subject of hostages come up?

11 A I cannot recall that. I honestly can't. In the
12 sense that -- you see, I am biased. The reason I am biased,
13 I am sitting here with you after having gone through very
14 tense and serious negotiations with the second channel, where
15 the issue of hostages were discussed in great detail.

16 To the best of my recollection, the way it was
17 presented to them was referred to as obstacles.

18 Q Where, at which time?

19 A I am talking about the February meeting. Was
20 referred to -- it was not -- the focus of the discussion,
21 and the tapes will verify this, but my recollection was that
22 as soon as we can remove the obstacles that are in our way,
23 we should be able to have a grand time in establishing our --
24 reestablishing our relationship. That is what I remember to
25 have been our position, the American position.

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Also, at the same time, I remember the Iranian
position was forget about all of this ^{Nonsense,} ~~nonsense~~, where are
the weapons? Of course, they were going past each other.

Q Were you aware that some weapons had already been
shipped at the time of this meeting?

A I don't believe I was. I don't believe I was
informed of that.

Q Now --

A You are referring to the Israeli shipment?

Q No. I am referring to the shipment of 500 Tows
very shortly before the meeting by the U.S.

MR. VAN CLEVE: This probably would have been a
couple of days before the meeting.

THE WITNESS: I don't know -- I don't believe they
told me that at that time.

BY MR. NIELDS:

Q How about the money into the Lake Resources account?
There was about \$5 million deposited into the Lake Resources
account?

A I was aware of that but I did not know if it was
really as part of this package. You understand what I am
trying to say?

Q I do. But I still want to pursue this. It might
be significant. Wait. Wait, listen to my question.

A Yes, sir.

Q What is your understanding of what this \$5 million

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was?

1 A For sales of weapons. When, how, -- to Iran.
2 Sales of weapons to Iran. When, how, what, I did not know.

3 Q Oh, I see. You knew that there was an arrangement
4 already underway pursuant to which weapons would be shipped
5 by the U.S. to Iran, but you didn't know if they had already
6 gone or if they were going to go in the future?

7 A Exactly. I was aware of the money transaction.
8 I was not aware of the actual weapon movement, if you will.
9 It was shipped -- I didn't know the terms of agreement.

10 Q Am I understanding -- my understanding was Secord
11 went to Israel to supervise this shipment. Were you aware
12 of that when it happened?

13 A I have no doubt in my mind today, and I had no
14 doubt in my mind then that it was not a clear decision whether
15 it was going to be used in this initiative. So it was not
16 unusual and I have said that Secord is a very, very secretive
17 person, when it comes to government activities. He would not
18 talk more than what is necessary. So that is why -- and as a
19 matter of fact, later on, I learned that they decided not to
20 keep me in the loop and George Cave effectively replaced me.
21 So it was ^{not unusual} ~~not unusual~~ or ~~not~~ illogical for me not to know
22 the details.

23 Q And now --

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24 A But wait. There is one other thing I would like
25 to point out that I just recall now, since we are talking

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important issues. I do recall that I went out of my limits prior to the meeting in -- during the time that Nir, the CIA official, Secord and North were present. I expressed my great concern about the health of a -- of the relationship to be established with the help of Mr. Ghorbanifar and his group, Mr. Nimrodi and so on. These people whom I know extremely well for many years. When I say know extremely well, I have dealt with them.

Q With Ghorbanifar, Nimrod --

A Yes.

Q Schwimmer?

A Schwimmer, I know of him. Is Schwimmer the same person who was the head of the Israeli aircraft industry? I have so much information about these people that --

Q ⁴How did you know them and what do you know about them?

A Well, if you recall, I told you I represented Motorola. Motorola established the manufacturing plant in Israel, Motorola-Israel. We were finally assigned from Chicago to Israel because ¹⁹the geographical division that Motorola made at the time. So I had for Motorola dealings with Israel, and Mr. Nimrodi was the so-called military attache of the so-called Iranian. Sorry, the Israeli Embassy in Iran. They were physically there. They had a building, all that, but officially, they were not there.

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So we were both -- when I say "we" meaning I, in Telecom then, and Mr. Nimrodⁱ called him Nimrodi then, had the same clients, Iranian military, and that is how I knew Mr. Nimrodⁱ because there were times that we got them involved Telecom got them involved for the interest of business in Israel, i.e., Motorola's business. So I had the opportunity of getting to know Mr. Yaakov Nimrodi extremely well, on a personal basis.

Q Were you a friend of his?

A Also a friend of his.

Q And what was your opinion of him?

A When? At the time of the meeting? Or --

Q Well --

A Today?

Q Well, I was thinking at the time you knew him in Iran?

A As an official? It makes a big difference, you see.

Q Tell us all.

A I would like to put this very mildly. I did not find it normal, usual practice for a person in his position to handle the Israeli transactions in the manner that he did. I do not really want to be the cause -- I know the difficulties and the investigations that are going on, or were going on in Israel about him and his dealings -- if I can be excused not to get involved in that unrelated issue that may just

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1 cause embarrassment for Israel -- it would be nice.

2 But mildly putting it, I did not approve or --
3 I shouldn't say I did not approve. I found it strange way
4 an Israeli official represented his country in transactions
5 with Iran. In this country, you would not find that ethical.

6 MR. NIELDS: Lets go off the record.

7 (Discussion off the record)

8 MR. NIELDS: Let's go back on the record.

9 BY MR. NIELDS:

10 Q Okay. You just finished telling us about Mr.
11 Nimrodi.

12 A And I also had first hand knowledge about Mr.
13 Ghorbanifar. He may not remember the circumstances, but I
14 had met him and I also was aware that -- I have been trying
15 for a long time to remember the name of the man that worked
16 for Mr. Nimrodi who effectively recruited Mr. Ghorbanifar
17 then when he was working in this Star Line Shipping Company
18 in Iran.

19 He was working -- I don't know whether he was
20 -- under a contract with Iranian Savak or whether he was
21 actually an employee, but there was no question in my mind tha
22 he had relations with Savak. He was a double agent starting
23 then.

24 Q This is Ghorbanifar?

25 A Ghorbanifar. And I also knew that he -- I don't

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know whether he has kicked the habit or not, but I also knew
1 that he had if not cocaine, but definitely opium addiction.

2 Q Ghorbanifar?

3 A Yes.

4 Q Is there a distinction between opium addiction and
5 heroin addiction?

6 A No. Now, I recall being present in a social
7 gathering that he was there and he was bragging about how he
8 used to get --for his use cocaine from Pakistan or something
9 like that.

10 Q And opium was something he smoked?

11 A Yes. Opium in the Iranian society, like the
12 Chinese, use of limited amount of opium -- I do not mean to
13 be sarcastic, but they consider that to be good for one, if
14 one smoked a limited amount of that. As a matter of fact,
15 the laws in Iran then were such that people had coupons that
16 they could officially go to government institutions and get
17 their ration and at the same time in Iran, if they caught
18 people illegally dealing with the drugs, without shadow of
19 a doubt, they would be executed. There were both extremes.

20 Q Let's go back to the February meeting. Is there
21 anything more that you should tell us about the political --

22 A I was about to tell them that I did not think that
23 this combination would lead them toward where they want to go.
24 I expressed that opinion. I saw Nir's ears going up, and he
25 was anxious to cross examine me and we managed to wiggle out

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of that discussion and not to get involved.

1 Q How about the military meeting? You haven't told
2 us anything about that yet.

3 A The military meeting I classified Richard Secord,
4 the CIA official, they may have a different opinion. I don't
5 believe we impressed the Iranians in that meeting, and they
6 sort of expected that. They didn't expect us in the first
7 meeting to come out and all make it. They were not impressed.

8 But the point that we wanted to make was made.

9 Q Which was?

10 A Which was that we could help them with military
11 intelligence and the reason I don't want to appear contradict-
12 ing myself, we did not impress them because they -- the
13 Iranians continue to believe that we are not to be trusted.
14 That is a very important factor for to always remember. They
15 saw that we had [REDACTED] Obviously they knew we had
16 [REDACTED] but they saw it in our hands. So they knew that
17 we had something that they could make use of it, but we did
18 not impress them because they did not believe that we were
19 showing them something that was accurate.

20 So I suppose as far as the U.S. objective was
21 concerned, we achieved what we wanted, which was to show them,
22 guys this is what we got, we are prepared to give it to you.
23 So that --

24 Q Okay. Okay. So following that, I take it you ther
25 had these series of telephone conversations with --

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MR. VAN CLEVE: I have a couple of follow-ups.

MR. NIELDS: Do it now.

BY MR. VAN CLEVE:

Q Did there come a time at the end of these February meetings when you learned the United States was going to ship an additional 500 Tows to Iran, right at about that same time? Are you at all familiar with that?

A I don't believe I am. I don't really recall about this.

Q Second, was there any discussion at this time, or even somewhat later, about any personal financial gain for the Iranian official about setting aside some of the money that was being transferred for his personal use or for personal use of other officials?

A My position is still, Mr. Van Cleve, the same. There was no decision to bring me into this operation at that time, so I was not privy to a lot of information.

Q Just one more, if I could. If you know, was there any agreement at these meetings or within the next month or so, about an agenda for the meetings that were supposed to be held at a higher level? Was there any agreement about that?

A I thought I touched upon that when I said that the discussion ended by a greening to have a meeting in Kish Island at the later date. And the subsequent telephone calls, they were all related to establishing that agenda.

Q So there was no agreement at that time on the

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agenda itself, on what points would be discussed?

1 A Not that I recall, but I doubt very much that I have
2 a copy of -- did I mention earlier that a resolution was made
3 for the purpose of the Iranians of the discussion that was
4 held?

5 MR. NIELDS: No, you did not.

6 BY MR. VAN CLEVE:

7 Q What do you mean by resolution?

8 A The Iranians are -- they have their own bureaucracy
9 This man had to go back with some sort of resolution of the
10 meeting, what happened, or a memorandum of the meeting. Mr.
11 Ghorbanifar asked me to help him to draft, and I believe I
12 managed to get a copy of that to the CIA. That was in Farsi
13 and I wanted to make sure that he is not giving the Iranians
14 a memorandum of the meeting that was inaccurate, so I
15 participated in putting that resolution together and I also
16 believe that I made a copy for our group. So that should
17 pretty much tell you what was the spirit of discussion, what
18 was agreed, what happened.

19 Q That is very helpful.

20 MR. WECHSLER: It will tell you that if you can
21 read Farsi.

22 MR. NIELDS: Maybe we can find a disguised person
23 to translate it.

24 MR. VAN CLEVE: That is all I have.

25 BY MR. NIELDS:

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Q Following the meeting you had a series of telephone conversations with the Iranian representative?

A Yes, a number of them.

Q What was the general substance of those conversations?

Q More of the same thing.

Q Well --

A More of the same thing that was again -- I tell you I remember the frustration that I had from those discussions. I don't think I will ever forget it even with my cultural background that was too much for me. I am serious. Very difficult.

Q The frustration being the failure of communication?

A Not failure of communication. You know, just being insensitive to what we wanted. I am continuing to see that I am right, Mr. Nields. You know, for me I am a little business guy sitting there, there are all these politicians, military guys, intelligence guys sitting there. I am touching feeling the realities, and I knew then that this is not going to go anywhere. It was so evident for me because, you know, he kept taking the same approach, what is happening to our Volkswagens. I had to ^{conduct} ~~contact~~ a bizarre type sort of negotiation on behalf of the U.S. Government with this gentleman and worrying at the same time that the Russians are picking up what we are discussing.

It was very frustrating, and you know, the guy was

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trying to strike a deal. It is all business. We are trying
1 to strike a deal. We went over the same thing a million
2 times and I tell you, it was a blessing for me when I later
3 learned that Mr. Cave took over. I didn't want to have
4 anything to do with that group.

5 Q Approximately how much after the February meeting
6 in Frankfurt did Mr. Cave take over? A couple of weeks?

7 A The meeting was what, February 20?

8 MR. NIELDS: The 25th.

9 BY MR. VAN CLEVE:

10 Q February 25th.

11 A I would say about a month later. The reason I say
12 that is because I do recall a telephone conversation that I
13 had with this gentleman. Iranian new year starts the first
14 day of spring, which is approximately March 20. I remember
15 that I still was involved in this useless bargaining over the
16 phone at that time, and I think at that time -- the reason --
17 I believe at that time the issue of the hostages -- yes, as
18 a matter of fact, that is true. The spirit of my discussion
19 with this gentleman got expanded and at this time he had
20 started to include the hostages, so they were referred to as
21 boxes and then I started to refer to them towards the end
22 of the Iranian year as having a new year's present for
23 American people. So that is why I remember the issue of
24 hostages becoming also part of my discussion. But still the
25 focus was Volkswagons.

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We are talking about the relationship, obstacles, Volkswagens. Just two different worlds. So we would say the answer to your question is four, six weeks, that is my best guess.

BY MR. NIELDS:

Q In any event, there came a time when you were essentially cut out of the Iranian initiative and replaced by the CIA?

A That is right.

Q When did you next come back into the Iranian initiative?

A I have to qualify first my reference when I said yes, I was cut out. For all practical purposes, I was cut out, but -- Mr. Secord used to get my opinion without getting into the substance of what was going on, get my opinion about the reaction that he was getting from the Iranians. He was running it by me to say what was my interpretation. And I saw more of the same thing. I saw that they were trying to strike a deal and other country was trying to reestablish the relationship. That went on for some time until -- and by this time I think I had become now involved in a different way in this first channel, and that had to do with the financial aspect of it. I knew that monies were supposed to come, when to come, why they did not come, started to follow up on that. That is how I learned about his bank in Monte Carlo being bankrupt and talked ^{to} a number of times to some

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1 Indians or Pakistanis who ran his operation, started to
2 check on his banks, started to do what a businessman would
3 do, learned that they are not to be trusted. We could not
4 ever, as far back as I can remember, receive a payment on
5 time. Never. That gave me ulcers.

6 Q Did you know about Khashoggi before the payment
7 for the Hawk spare parts?

8 A I don't know what that date is, but I can tell
9 you when I learned about Mr. Khashoggi.

10 Q When did you learn about Mr. Khashoggi?

11 A I -- when I found out about this Monte Carlo
12 bank, I was told that Khashoggi owns it.

13 MR. VAN CLEVE: When was that?

14 MR. JANIS: You mean when you received a deposit
15 from the Monte Carlo bank?

16 THE WITNESS: When I was calling to get the
17 deposit.

18 BY MR. NIELDS:

19 Q This would be sometime in May of 1986, I take
20 it?

21 A I don't remember the dates.

22 MR. JANIS: Just for the record, there was
23 a -- the record produced by Mr. Hakim reflects a deposit
24 on February 7, 1986, from the bank BCCI Monte Carlo.

25 THE WITNESS: And they have a correspondent

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1 in New York. I think I was talking to their correspondent
2 in New York.

3 BY MR. NIELDS:

4 Q And it was at that time that you learned
5 Mr. Khashoggi was involved?

6 A That's when I learned.

7 Q Did you tell Mr. Secord about it?

8 A I think I did. I saw the icy face, and I knew
9 I was right. When he makes no remarks, and then I have
10 my information, yes. Yes, he knew that. I knew that he
11 knew.

12 Q Were you involved in any way, shape or form
13 in setting the price charged to the Iranians for the
14 missiles that were sold to them?

15 A At no time, including the second channel.

16 MR. VAN CLEVE: Do you know why Cave came in
17 to take your place?

18 THE WITNESS: I think I do. I cannot be
19 certain. Again, they were -- I have a number of times
20 referred to these scattered remarks. I reached the
21 conclusion based on these scattered remarks at various
22 times that he was -- Mr. Cave was extremely trusted by
23 Mr. Khashoggi, Director Casey. In addition to the fact
24 that he -- it goes without saying, that he's an expert,
25 he knows the culture, he knows the language, all that.

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1 That's known.

2 BY MR. VAN CLEVE:

3 Q You have met him, haven't you?

4 A Oh, yes.

5 Q How good is his Farsi?

6 A His, what I call, technical Farsi, which is
7 knowledge of terminology for weapons, military structure
8 and such is superb. I had sometimes to ask him for those
9 terminologies. I don't understand that. His knowledge
10 of Farsi is definitely good enough to understand what's
11 going on, understand it well, and his speaking is very
12 well to put the point across, but I, in my opinion, do
13 not consider that his Farsi is good enough to ^Ntransact
14 with Iranians. It takes a different type of approach to
15 do that, to do that translation. It requires a certain
16 type of slickness to achieve that. This is not something
17 that you learn in school. So I would say that that -- he
18 knows quite a bit about the culture.

19 I have a lot of respect for George. He's
20 extremely knowledgeable.

21 BY MR. NIELDS:

22 Q With the exception of Mr. Cave, and any other
23 CIA people that attended meetings with the Iranians where
24 you were present, and with the exception of Mr. North,
25 did you meet with any United States Government officials

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1 in connection with the Iranian initiative?

2 A Do you also exclude the aides to Mr. North?

3 Q You mean Mr. Earl and Mr. Coy?

4 A Right.

5 Q Let's include them. I take it you met with
6 them?

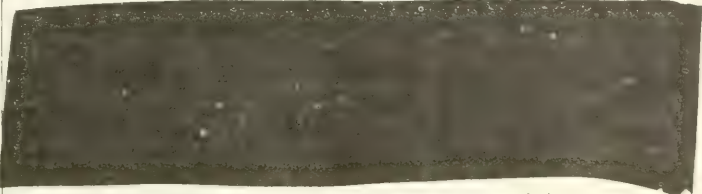
7 A Yes. Earl, yes. I was on the KL-43 with him
8 during the second channel quite a bit.

9 Q Anyone else?

10 A Just secretaries. You said excluding the CIA
11 agents?

12 Q At the meetings.

13 A At the meetings. I testified that during the
14 first meeting, there was a high-ranking CIA official.

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19 Q Anyone else? Did you ever meet with Mr.
20 Poindexter?

21 A No. I did not meet with Mr. Poindexter, but
22 I -- that reminds me. I did have a very short, brief
23 encounter with Mr. McFarlane.

24 Q When was that?

25 A When he came back from Thailand, he stopped in

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1 Israel. I was doing quite a bit of work supporting General
 2 Secord logistically, quite a bit. This ^{Arrow Leasing} ~~aeroleasing~~
 3 arrangement for all trips, every one of the trips, I
 4 organized, managed, included -- that includes the trans-
 5 port of our team from Israel to Geneva and onwards to the
 6 United States. When they stopped in Geneva for refueling,
 7 I met them at the airport, brought them to a special room,
 8 and Mr. North introduced me without giving my name to
 9 Mr. McFarlane and there were other -- but prior to that,
 10 by the way, I met the group that arrived from the United
 11 States -- when I say "prior to that," I mean prior to the
 12 trip to Iran, the Tehran trip.

13 There were a number of U.S. employees; to this
 14 date, I don't know from what agency. They came -- I met
 15 them, arranged for their accommodations prior to their
 16 take-off to Israel in Geneva. Met them, arranged for
 17 that. So those people I met, including also communications
 18 people in those -- those people. I met the various same
 19 people back.

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20 I also recall the looks on the face of the
 21 ^{Arrow Leasing} ~~aeroleasing~~ man whom I was dealing with when these
 22 gentlemen, our boys, came out of the plane and pulled out
 23 their suitcase and we went -- they asked me where they
 24 could establish satellite communication. Went behind the
 25 building and this aeroleasing guy, looking at us, thinking,

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1 Here is Albert Hakim, a businessman, what in the hell is
2 going on? So we set up our antenna and they communicated
3 that they arrived safely and were going back.

4 By the way, when Mr. McFarlane was getting --
5 reboarding ^{Arrow leaving} ~~acrossing~~, some gentleman recognized him
6 there, a friend of his, said hello, and --

7 Q This was in Geneva?

8 A This was in Geneva.

9 Q Other than that, did you ever meet Mr.
10 McFarlane?

11 A No.

12 Q How about Mr. Casey?

13 A No.

14 Q And I think you mentioned meeting one or two
15 DEA agents but that is slightly separate from the Iranian
16 initiative? Other than the people that you've just
17 mentioned, did you meet any other U.S. Government officials
18 in connection with the Iranian initiative?

19 A Not that I can recall.

20 Q Was any -- to your knowledge --

21 A Oh, I am sorry. Yes. There is one other
22 gentleman that I met. Charlie, a CIA analyst.

23 Q Allen?

24 A Allen, Charlie. I met him.

25 Oh, sorry. One other gentleman that I --

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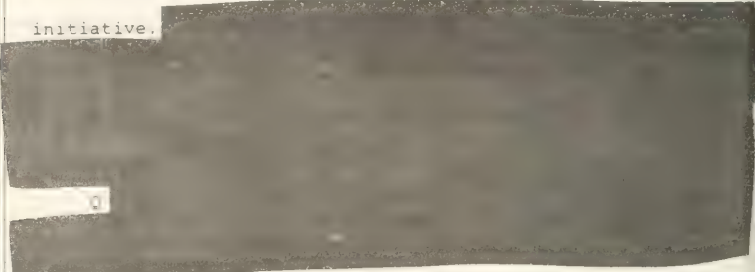
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1 Mr. Cave introduced me to. Mr. Cave was present, Mr. North
2 was present. We met in a restaurant. I think he was a
3 CIA official, and I think it was the desk -- from the
4 Iranian desk, if I am not mistaken. I cannot recall the
5 name now.

6 You are talking about the Iranian initiative.
7 I just want the record to be correct on one other aspect
8 of Iranian involvement. I'm not saying the Iranian
9 initiative.



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15 To your knowledge, was it -- was any money
16 derived from the Iranian initiative or the Nicaraguan
17 venture ever given to any Government official other than
18 what you've testified about -- well, I'll finish my
19 question there.

20 MR. JANIS: Excuse me. Are you including money
21 given for operational purposes?

22 MR. NIELDS: No. For the personal benefit of
23 any Government official.

24 THE WITNESS: No, sir.

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8

1 BY MR. NIELDS:

2 Q Was it ever contemplated that money would be
3 given to the benefit of any Government official, putting
4 aside what you testified to about Mr. North and his wife?

5 A No, sir. No, sir.

6 Q Okay. When did you get back into the loop, so
7 to speak, in connection with the Iranian initiative?

8 A I said I was in the loop, the financial end
9 of it.

10 Q I guess I want to bring you now to the second
11 channel.

12 A Operationally?

13 Q Yes.

14 A I think if I'm not mistaken, June, July of
15 1986.

16 MR. JANIS: Before we get into that, off the
17 record for a second.

18 (Discussion off the record.)

19 end emm

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1 THE WITNESS: I believe in June or July of '86 I
2 started to receive my own echoes back that Ghorbanifar
3 channel was not going well.

4 BY MR. NIELDS:

5 Q You received these echoes back from Secord, North,
6 and other people in the government?

7 A Exactly. Exactly. And how frustrated they were,
8 and if we could find other channels to communicate with the
9 Iranians, so I believe it was June-July when I was brought
10 back into the loop to check the possibility of a new channel.

11 Q And I take it you then --

12 A I went to work.

13 Q You went to work?

14 A I went to work.

15 Q Can you just describe generally what you did?

16 A I had been keeping close watch of my contacts with
17 Iran, not only the contacts of the past, but I, at quite a bit
18 of expense, was maintaining through some associates that I
19 have in Europe and in Iran, creating new contacts from the new
20 group, and I was monitoring that for commercial purposes, so
21 I was never at any time out of touch and contact with Iran. I
22 kept myself pretty much appraised of what was going on.

23 And when this request was made of me, I called my
24 associate whom I have known for a long time and who is quite
25 competent for spy work, and we discussed a number of

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1 possibilities, and I decided and discussed that also with
2 Secord that the way to approach this is to choose one or two
3 at the max of the factions in Iran that had the better chance
4 and work on them rather than spreading all over the place,
5 because this way we would never get anywhere.

6 The concept was acceptable to General Secord. I
7 suggested the two factions that I had my eyes on. Secord, I
8 think, checked that with the agency and came back to me and
9 said that is the right way to go in their opinion also. So
10 I zeroed in on those two factions and created a situation
11 that someone that could qualify for both factions, he had a
12 track record in both of these areas, to come and meet with
13 us. We had the man sitting in [REDACTED]
14 [REDACTED] because we could not -- I could not get the decision from
15 the Americans whether they wanted to go with the second
16 channel or they didn't want to go with the second channel,
17 who was going to participate in interviewing the second
18 channel.

19 Oliver North wanted to come, then his schedule
20 didn't allow. They had problems with the Israelis. All
21 kinds of problems that really caused a lot of difficulty and
22 embarrassment for me. I am having this guy sitting in there
23 at high expense. I have my fellows [REDACTED] babysitting him.

24 Q This is a government official you are talking about?
25 Or this is the relative?

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Okay?

So, finally, with all the back and forth, in August Richard Secord and I, my friend [REDACTED] [REDACTED] babysitting this guy, participated in the meetings to see if the guy was for real; if he knew anything about what was going on; where his head was. And a lot of piercing questions were asked from the man and the man appeared to know what was going on. He was aware. He knew about the first channel. Richard and I felt very comfortable about what we saw there.

In addition to that, we saw the guy to be forthcoming. We saw his consultants with him be also aware, capable of making analysis. For a change, there was a sigh of relief. My God, finally there is somebody you can talk to. And all that was reported back by Richard. From the testimony, I learned that he did that in writing as well. I did not know it at the time.

Q This is the meeting [REDACTED] you are describing?

A The meeting So they came back to me and said "We want to see how serious these guys are and if they are serious, and it is also convenient for North, see if the guy is prepared to come to Washington. I offered that. He said we will check back with Iran, get back to me. He said he was going to recommend to Tehran that -- to accept

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1 this offer, and they did. I arranged for his -- again, we
2 were using Arrow Leasing to transport him. Richard gave us
3 the routing, how he wanted him to come. [REDACTED]

4 [REDACTED] The guy came
5 with the other two, and our meetings started with George Cave
6 being present and in the Old Executive Office. I housed
7 them [REDACTED]

8 Also was made aware that the room of the -- we had
9 three rooms for them there. I also had a room there. I was
10 there with my wife. [REDACTED]

11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED] Anyway,

16 we made it very clear from the very beginning that I did not
17 want to be considered at all as part of the American official
18 team. It was very clear, and that I'm a businessman, I told
19 them, and I'm here to benefit as a result of the re-establish-
20 ment of the relationship, and I have no interest to partici-
21 pate in the political intelligence discussions, and indeed,
22 I did not in the Old Executive Office. I stayed outside the
23 room, holding hands with the consultant of the relative up-
24 stairs while General Second and Cave were assisting Oliver
25 North, who headed the delegation.

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1 We joined them for lunch, and then towards the
2 evening, Ollie and I took this gentleman for a tour of the
3 White House.

4 Q Where did you go?

5 A Everywhere.

6 Q Including the Oval Office?

7 A Including the Oval Office. By then, they had a
8 little barrier in front. We did not walk into there. And
9 Ollie sometimes gets into one of his moods with his jokes.
10 We were passing by -- there is a picture in the White House
11 of a bunch of dogs, a beautiful painting it is. One of the
12 dogs is sleeping. Ollie referred to that as the Cabinet,
13 and that is Casey.

14 Q That is the Cabinet?

15 A And that is Casey. He joked about that. They
16 tried to make an impression on the relative. And he's an
17 excellent salesman, this Oliver North. I tell you, he's
18 quite a guy. Quite a guy.

19 Q Did you talk about arms and hostages as well as a
20 broader initiative?

21 A Well --

22 Q Or weren't you there?

23 A I was not there, but when you have even half an
24 Iranian, there is no secret any more.

25 MR. VAN CLEVE: Like a Congressional committee?

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1 THE WITNESS: I think the Congressional committees
2 learned from the Iranians.

3 BY MR. NIELDS:

4 Q So you were aware that arms and hostages were being
5 discussed?

6 A More than aware. The guy would come out and tell
7 me "This is secret, don't tell anyone." What do I do? I
8 had a unique, unique experience in this whole thing. I
9 wore so many different uniforms and put on so many different
10 hats.

11 Q Wigs?

12 A Not wigs. These are hats. It is easier to put on
13 wigs, not to get confused with the different roles. It is --
14 I am a businessman. I have found a golden opportunity now
15 that I can serve my country, because only a couple of years
16 before then or less, I had taken an oath in the process of
17 becoming naturalized. So I take such things seriously,
18 because it is not just a formality to me.

19 Here I am to help my place of birth, my native
20 country, and, by God, here I am to make some money. If I
21 wanted to put such a package together, no way I could have
22 done it.

23 And then, in addition to that, I'm in there,
24 American team uses me as a consultant, Iranians are using me
25 as a consultant, and here I'm sitting trying to find the best

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1 way to keep all of these balls in the air. I was praised a
2 number of times for having managed to keep all those balls
3 in the air. Mr. Cave a number of times told me that it
4 would not have been possible without my help, and he was not
5 referring just to creation of the second channel, he was
6 referring to continuation of the second channel, because
7 there were very, very harsh times that the parties became
8 disenchanted, frustrated, left, and I stayed behind always.
9 Albert stayed behind to repair things.

10 The famous nine-point agreement --

11 Q You are now talking about a later meeting in
12 Frankfurt, I take it?

13 A A later meeting in Frankfurt.

14 MR. JANIS: Before you get to the nine-point
15 agreement, is there anything else you need to tell him about
16 the September meetings? You want to skip ahead?

17 THE WITNESS: I thought he wants an overview. My
18 impression is an overview.

19 MR. NIELDS: If there is something of particular
20 importance about the September meetings in this country, tell
21 it now.

22 THE WITNESS: Okay.

23 MR. JANIS: That is all right.

24 THE WITNESS: I have been so far under the impression
25 that you are going to come back, and we have only 15, 20

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1 minutes to give you an overview.

2 BY MR. NIELDS:

3 Q That is true.

4 A Which way do I go now?

5 MR. WECHSLER: Go with the overview.

6 THE WITNESS: Okay. So I always stayed behind to
7 repair the damages and bring the team back together. The
8 nine-point agreement is my creation. As a matter of fact,
9 in Farsi, on the top of the page, it says -- in handwriting
10 of the official -- saying that our resolution, meaning their
11 resolution with Hakim; and I came up with a very interesting
12 arrangement when we were discussing the number of hostages
13 to be released. I came up with one-and-a-half hostages.

14 When I communicated that to North, I didn't have
15 the KL-43, and Richard was gone, and he was supposed to meet
16 me the next day. I urged North not to make any decisions
17 until Richard got back, and we could send him a message on
18 the KL-43, but I cannot forget his reaction. He wanted to
19 know how many hostages we were going to get. I said one-and-
20 a-half.

21 He said, "Are you drinking?" I said, "No, I am not
22 drinking, that is what it is." He was very frustrated. The
23 man hadn't slept for a long time, just caught him as he landed.
24 I said, "Ollie, wait until we send you a god-damned message."
25 Richard came in later and had to explain the concept behind

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1 the nine points. We sent the message. Richard kept on
2 saying, "Albert, the more I read this package of yours, the

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3 better I like it, and it is even better than the seven points
4 that Ollie put together." That was very flattering, coming
5 from Richard. Richard very seldom does that.

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1 So the relationship continued. We had arms shipped,
2 monies were received, Jacobsen was released. We had subsequent
3 meetings in Geneva, disagreements again came about, shouting,
4 screaming, Ollie left, Secord left, threatening each other.

5 I was left again behind to repair the relationship,
6 which I succeeded. And that was about the time that
7 everything was revealed.

8 Ollie disappeared. Richard disappeared. Cave
9 disappeared. And there I am in Geneva with the Iranians
10 looking at me, what are we going to do next.

11 Cave contacted me and said he had one last
12 assignment for him and for me, if I would be willing to help
13 with that assignment. I said, what is that? He said if I
14 would arrange for a meeting between the Iranians and the State
15 Department representative. I said, let's see what I can do.

16 I arranged a meeting. A certain gentleman that I
17 never met, Charles Dunbar, was sent. This was two, three
18 weeks, I believe, after the revelation. This gentleman left
19 a very bad impression on the Iranians. I understood he spoke
20 Farsi.

21 He refused to meet with me when I said that I would
22 be prepared to meet with him if he would accept for my lawyer
23 to be present. He didn't like that. He said he didn't want
24 to meet with me.

25 At that time I was also going through the process of

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1 answering a million questions that Mr. Janis had for me, and
2 the only way he would get the answers was to travel with me
3 wherever I went. So he did get to meet these gentlemen there.
4 And so I didn't get to talk to Mr. Dunbar.

5 The Iranians were very frustrated and then at that
6 time I was ordered and shown a telex that my mission is
7 terminated and I am no longer to represent the U.S. Government
8 in any form or capacity.

9 Q Who sent you the telex?

10 A Cave showed me a telex that he had received. And I
11 have honored that since then.

12 Q Have you had any conversations with North since
13 mid-November?

14 A I don't recall, Mr. Nields, that. Because, since --
15 we may even have had our last meeting with the Iranians -- I
16 believe it was in November. We had the last Geneva meeting
17 where Mr. North was present. I don't know whether it was in
18 October or November. I cannot recall that.

19 Q Since then have you spoken with Mr. North?

20 A Since then I believe that I saw Mr. North once or
21 twice. I have been away since then most of the time, trying
22 to maintain my contact with the Iranians and maintain my
23 credibility, which is a different story in itself.

24 There are some dates we will try to see if we can
25 come up with to help you out.

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MR. NIELDS: Let's do that.

2

In the meantime, let's mark this as Exhibit 6.

3

(The following document was marked as

4

AH Exhibit 6 for Identification.)

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COMMITTEE INSERT

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1 BY MR. NIELDS:

2 Q Mr. Hakim, I am putting in front of you a copy of a
3 subpoena duces tecum for this deposition, which your attorney
4 accepted service of, and I don't care which one of you answers
5 the question, but I have to ask the question, whether you have
6 any documents called for by the subpoena to produce at this
7 time.

8 MR. JANIS: Before I reply to that question, I need
9 to understand that with respect to any documents called for
10 by any subpoena, production of those documents would be
11 covered by the grant of immunity conferred upon Mr. Hakim and
12 the rulings previously entered.

13 MR. NIELDS: Plainly so.

14 MR. JANIS: By the committee chairman on April 20,
15 1987; am I correct?

16 MR. NIELDS: Without a question.

17 MR. JANIS: First, the subpoena which is marked Hakim
18 Deposition Exhibit No. 6 is a subpoena from the House of
19 Representatives. And, as I have told you before, Mr. Nields,
20 off the record, and I think you understand, we have had
21 virtually no time to try to comply with this subpoena or, for
22 that matter, the Senate subpoena, which I assume you intend to
23 mark as Deposition Exhibit 7?

24 MR. NIELDS: If somebody gives it to me, I will.
25 Otherwise, we will mark it when we resume.

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1 MR. JANIS: At any rate, we haven't had a chance to
2 respond to either subpoena.

3 To the extent that these subpoenas call for
4 documents actually in his possession, or reasonably within
5 his possession, we will produce them. To the extent either
6 subpoena calls for Mr. Hakim to go on what I would call a
7 search and retrieve mission all over the country, or demand
8 to inspect the books and records of every organization of which
9 he has ever been a party and then sift through them and
10 determine which records are required, I think that would be
11 unreasonable, although I do believe the committee itself would
12 certainly have the right to subpoena those records.

13 But, at any rate, we haven't had a chance to fully
14 focus on this because of the deposition schedule we are
15 working under. We do have a couple of documents that we can
16 produce now that I think are responsive to the subpoena, if
17 you want us to do so.

18 MR. NIELDS: Well, yes. I think we would like you
19 to do that. And, in addition, we have during the course of
20 this deposition identified a number of documents of potential
21 importance and certain relevance to the committee's work, which
22 would fall within the boundaries of the subpoena which has
23 been marked Exhibit 6 --

24 MR. JANIS: What I would suggest we do --

25 MR. NIELDS: -- and I would request -- what I am

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1 going to do at this point in time is adjourn this deposition
2 until a date which we will advise you of very promptly, and
3 with a view toward giving you an opportunity to obtain those
4 very important records and producing them to the committee at
5 that time.

6 MR. JANIS: I would like --

7 MR. HOLMES: You are not proposing to adjourn the
8 deposition before the Senate has a chance to question?

9 MR. NIELDS: What I am proposing, as I understand,
10 these gents are -- basically we have used up the time allotted
11 and the time available to them, and I would suggest that we
12 reconvene the deposition at your convenience, and that is
13 in the next couple of days, so that you get a chance to ask
14 the questions that you have.

15 MR. HOLMES: Our convenience -- my understanding is
16 they have already made some kind of agreement that they will
17 not be available for the balance of the afternoon. Our
18 convenience would be tomorrow morning at 10:00.

19 MR. JANIS: Let's just go off the record.

20 (Discussion off the record.)

21 MR. NIELDS: I would like these marked collectively
22 as Exhibit 7.

23 (The following documents were marked
24 as AH Exhibit 7 for Identification.)

25 COMMITTEE INSERT

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1 BY MR. NIELDS:

2 Q Mr. Hakim, I am putting in front of you what has
3 been marked collectively Deposition Exhibit 7 that your lawyer
4 just handed to me.

5 I take it these are documents which you are
6 producing in response to the subpoena which was marked Exhibit
7 6?

8 A Yes, sir.

9 Q And I take it this consists of the documents, the
10 responsive documents, that you had immediately available to
11 you at this time, but does not constitute your full and final
12 response to the subpoena?

13 A That is also yes.

14 Q What I propose to do is adjourn --

15 MR. JANIS: Just so there is no question, I think it
16 is useful to briefly state on the record what some of these
17 things are.

18 MR. NIELDS: Let me just describe them.

19 MR. JANIS: Let me do it. Maybe we can do it more
20 quickly.

21 The first is letter dated October 27, and this deals
22 with the payment of -- on the sale of weapons to the second
23 channel.

24 Correct, Mr. Hakim?

25 THE WITNESS: Correct.

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1 MR. JANIS: The second document is a copy of
2 handwritten notes. These are Oliver North's handwritten notes.

3 THE WITNESS: The lower portion.

4 MR. JANIS: The lower portion is Oliver North's
5 handwritten notes.

6 THE WITNESS: The seven points.

7 MR. JANIS: The next page, which is in Farsi, is --
8 no, the next page, pardon me, the next page is in Farsi. It
9 is the nine points Mr. Hakim has testified to.

10 The next page is handwritten notes, I believe, from
11 General Secord that were also prepared at the time of the
12 meeting with the second channel in Germany.

13 Is that correct?

14 THE WITNESS: That's correct.

15 MR. JANIS: And then there are some telexes dealing
16 with the military supplies to be provided pursuant to the nine
17 points?

18 THE WITNESS: That's correct.

19 MR. WECHSLER: Four telexes?

20 MR. JANIS: Four telexes.

21 Then there is a letter from the -- dated October 24
22 from Deutsch Bank, dealing with the purchase of weapons by
23 the Iranian representatives for \$3.6 million.

24 And a telex -- some telexes regarding the same
25 matter.

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1 MR. NIELDS: Okay.
2 We will adjourn this deposition --
3 THE WITNESS: Did you have a couple of questions?
4 MR. NIELDS: He will pick them up when we reconvene.
5 We will adjourn this deposition until a time which
6 we will fix in the next day or two, at the outside, at which
7 time we will continue with the hope that you will have been
8 able to take personal and physical custody of some additional
9 exhibits responsive to the subpoena.

10 MR. HOLMES: Let's adjourn it until Wednesday at
11 10:00, unless there is further notice, so he is under a
12 continuing and unbroken obligation to appear.

13 MR. NIELDS: Let's adjourn until Wednesday, this
14 coming Wednesday, two days from now, at 10:00 a.m. in this
15 same room, unless we in the interim fix another time and place.

16 (Whereupon, at 1:40 p.m. the deposition was adjourned,
17 to be reconvened at a time to be determined.)
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COPY NO. 1 OF 2 COPIES

DEPOSITION OF ALBERT HAKIM

Sunday, May 31st, 1987

4303

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The committee pursuant to call at 10:30 a.m., in
Room H-139, the Capitol, Arthur Liman, Senate Select
Committee, presiding.

On behalf of the House Select Committee: John Nields,
Joseph Saba.

On behalf of the Senate Select Committee: Arthur Liman,
Cameron H. Holmes, Timothy Woodcock, Louis Zanardi,
David Faulkner, Nicholas Wise, John Monsky.

On behalf of the Witness: N. Richard Janis, Lawrence H.
Wechsler, and Clement R. Gagne, III; Janis, Schuelke &
Wechsler, 1728 Massachusetts Avenue, N.W., Washington, D.C.
20036.

Partially Declassified/Released on 21 Jun 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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1 Whereupon,

2 ALBERT HAKIM

3 having been previously sworn, was called as a witness herein,
4 and was examined and testified as follows:

5 MR. LIMAN: This is a continued deposition of
6 Mr. Hakim on behalf of both the House and Senate Select
7 Committees. You continue under oath and you continue under
8 the direction to testify provided by the immunity orders
9 secured by both committees.

10 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

11 BY MR. LIMAN:

12 Q When your testimony ended last week, you
13 indicated that you were going to try to obtain some
14 additional records that were located in Switzerland that
15 we had requested. Have you succeeded in obtaining any such
16 documents?

17 MR. JANIS: You want me to respond to that?

18 MR. LIMAN: Yes.

19 MR. JANIS: We have not yet obtained those
20 documents, but there are documents coming by courier from
21 Switzerland. They may well be in the U.S. now.

22 They are being delivered to Mr. Nields' office
23 and if they are not delivered today, I am confident they
24 will be delivered by tomorrow. They were sent Friday.

25 MR. LIMAN: Do you have a copy of the two so-called

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1 wills?

2 MR. JANIS: The answer I gave you was responsive to
3 the issue about Switzerland. In addition, during the
4 deposition there were a number of questions made for
5 documents, whether they were located in Switzerland or else-
6 where, and Mr. Hakim was able to locate some records
7 responsive to the request made in the deposition when he
8 was home for the last few days, and he is prepared to
9 produce those documents at the time, my understanding being
10 that these documents are also being produced pursuant to
11 the immunity orders and the rulings of the chairman issued
12 with respect to production of documents at the April 20, 1987
13 hearing in this matter.

14 MR. LIMAN: That is correct. Please produce them --
15 has anybody got the list of exhibit numbers?

16 MR. JANIS: I think the first will be Deposition
17 Exhibit 6, if I am not mistaken.

18 MR. LIMAN: Let's call it in any event Deposition
19 Exhibit 8.

20 MR. JANIS: It may be easier if we do these one
21 at a time.

22 MR. LIMAN: That is the way I suggest we do them.

23 MR. JANIS: Deposition Exhibit 8 is the original
24 chart that was referred to during Mr. Hakim's testimony
25 and which is found in the Tower report.

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MR. LIMAN: Let me stop a moment and can you mark this as 8.

(The document referred to was marked as Deposition Exhibit Number AH-8 for identification.)

BY MR. LIMAN:

Q Mr. Hakim, this is the chart that you testified was prepared by Mr. Zucker?

A That is correct.

Q Was it prepared in Switzerland?

A Yes, it was.

Q Where did you find it now?

A In my home in California.

Q And was this given by you to General Secord, a copy of this chart?

A I cannot recall. I may have done that in the past when this was prepared. I don't remember that.

Q Let's go on to the next exhibit.

MR. JANIS: The next exhibit is an investment management agreement with respect to AH subaccount 1 in which \$2 million was deposited with CSF on March 5, 1986.

(The document referred to was marked as Deposition Exhibit Number AH-9 for identification.)

BY MR. LIMAN: Mr. Hakim, this is an agreement that says then RBS/AH -- is RBS Mr. Secord?

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1 A Yes, it is, and I must point out that this
2 Exhibit 9 may not be the -- as far as the first page is
3 concerned, may not be the final document. In other words,
4 once the documents that my attorney, Mr. Janis, referred
5 to are received from Geneva, it may have a fifth party to
6 the contract. It may have only AH, because it was an
7 error. I recall, once they did that, I told them that that is
8 not the way it should be, so you may find this to be
9 different than the documents that you received.

10 Q Is the AH referred to on the first line --

11 A Albert Hakim.

12 Q You?

13 A Yes.

14 Q You have testified before that some documents were
15 signed after the November disclosures, but as I recall
16 your testimony, you said that the agreements covering the
17 two \$2 million deposits were signed earlier, contemporaneously,
18 is that correct?

19 A If this is what I testified, then it is correct.

20 Q Do you recall this indicates a date of May 15,
21 1986 covering a deposit made on March 5, 1986.

22 A Yes.

23 Q Do you recall whether this was signed on or about
24 May 15, 1986?

25 A Yes.

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1 Q This was not one of the back-dated documents that
2 was signed after November?

3 A No.

4 MR. JANIS: Excuse me, I want to object to the
5 term "back-dated document." I am not sure that is consistent
6 with the testimony. He just said he signed some things late,
7 but I am not sure that the testimony would support the notion-

8 MR. LIMAN: When the documents arrive, we will see
9 whether they were back-dated or not.

10 THE WITNESS: The documents that I said I signed
11 in November were the documents for the formation of the
12 various companies that Mr. Zucker did not have someone
13 that he could report to his authorities back in Switzerland.

14 Those are the documents. These are not related
15 to that.

16 BY MR. LIMAN:

17 Q And it says signature of the client. Can you
18 read whose signatures appear there?

19 A That is my signature.

20 Q That is yours?

21 A Yes, sir. This H-A-K-I-M--

22 Q What are the other two letters there?

23 A That is also Hakim in Farsi, a combination of
24 English and Farsi.

25 Q So it was signed by you in English and then in

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1 Farsi?

2 A That is my signature. That is my formal official
3 signature in all the transactions. That is the way it has
4 been since '56.

5 Q And General Secord did not sign this?

6 A That is also correct.

7 Q And where it says on page 5 "account name,"
8 it has AH, and then what is the other initials on that?

9 A That is the initial of the lady who is responsible
10 for the CSF investment in Bermuda-- I can't recall her
11 last name -- her first name is Evelyn. One of the reasons
12 that this is initialed here is because the first page should
13 have been corrected.

14 As you see, this is not consistent with the first
15 page.

16 Q The account name was AH subaccount?

17 A Subaccount 1.

18 Q And you provided under account information that
19 the statement on correspondence should be held as opposed
20 to being mailed to you, correct?

21 A That is correct.

22 Q And that the account should be kept? English,
23 correct?

24 A That is correct.

25 Q That was also provided. Did you find this
document in California, as well?

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8

1 A That is correct.

2 Q Do you remember when you signed the document that
3 corrected the first page?

4 A I really don't recall that, because the lady who
5 works for CSF Investment does not live in Geneva, and
6 I don't know -- it must have been corrected during one of
7 her trips to Switzerland.

8 Q It says that it is covering a deposit on March 5,
9 1986, but the agreement was signed on May 15, 1986?

10 A That is consistent with my testimony that we had
11 set aside and then when we got the opportunity to get
12 organized and try to put things in order, and when the lady in
13 charge of CSF Investments was in Geneva we could do that.
14 We went back and organized our agreements.

15 Q Let's go to the next document.

16 MR. JANIS: The next document is an investment
17 management agreement between AH subaccount Number 2 and
18 CSF dealing with additional \$2 million that was deposited
19 on June 18, 1986 and that is the same date of this
20 agreement.

21 MR. LIMAN: Please mark this Exhibit 10.

22 (The document referred to was marked Deposition
23 Exhibit Number AH-10 for identification.)

24 BY MR. LIMAN:

25 Q For the record, Mr. Hakim, this is your signature

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9

on Page 5?

A That is correct.

Q And this covered the second deposit of \$2 million?

A Yes, sir.

Q That was signed on or about June 16, 1986?

A Yes.

Q And you found it in California?

A That is correct.

Q Where did you find these documents in California?

A In my office. I have an office at home. I found that there.

MR. JANIS: The next document is an investment management agreement between AH subaccount 3 and CSF Investments. It is dated June 16, 1986 with respect to a \$200,000 deposit made on June 18, 1986.

MR. LIMAN: Please mark this Exhibit AH-11.

(The document referred to was marked as Deposition Exhibit Number AH-11 for identification.)

BY MR. LIMAN:

Q Mr. Hakim, if I turn to page 5, your signature appears on this?

A Yes.

Q And it was signed by you on or about June 16, 1986?

A Yes.

Q And it was also found by you in California?

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1 A Yes, sir.

2 Q Now, is this the -- can you tell me what this
3 \$200,000 was going to be used for?

4 A I have not been able to sort that out in my
5 mind. I tried to do that prior to coming here. It could
6 have well been the so-called Button investment, or it
7 could be the contra death benefit investment.

8 (Counsel confers with witness.)

9 THE WITNESS: There is also a third possibility.
10 If I recall correctly, there must be somewhere in my
11 deposition during the past few days that I believe referred
12 to setting aside some money for investment. It could be
13 also the balance of that money. So I am not quite sure.

14 BY MR. LIMAN:

15 Q You referred to setting aside, I believe, \$500,000
16 for investment.

17 A It could be the balance of that.

18 Q As you look at this now, as I understand it, you
19 don't know whether this was the Button account, the contra
20 death benefit account or part of the money for investment
21 to be made on behalf of you and General Secord?

22 A That is correct, sir.

23 Q Do you have any documents that would indicate
24 what it was for?

25 A If and when we should be able to get the total

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11

1 picture -- by that I mean to be able to also see how the
2 people that I employed to maintain the books, once we
3 get into their system, we should be able to find out
4 what it is.

5 Q What kind of record would you expect that would
6 help identify whether this was a Button account or other
7 accounts?

8 A Basically, what I like to do is to audit their
9 accounting and see what happened to all these three
10 elements.

11 Q Was the account that was set aside for contra
12 death benefits ever drawn down upon?

13 A I don't really know how CSF managed this.

14 Q Would death benefits pay out of that account?

15 A No.

16 Q Was the account for which \$500,000 was set aside
17 for investments ever drawn down upon?

18 A They were supposed to. If they indeed did that or
19 not -- see, we have made, as I have testified, made
20 investments in other areas.

21 Q Was this account supposed to be used, for example,
22 for the TriAmerican investment?

23 A Exactly. So how it was done within CSF I cannot
24 testify to.

25 Q What about the Button account -- was that ever

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1 drawn down upon?

2 A No.

3 Q And so far as you know is the Button account
4 still in tact?

5 A If they ever created it, it should have
6 remained in tact, and I also testified that I am not aware
7 of the discussions that Mr. Zucker had with Mrs. North.

8 Q Does that mean that you do not know whether
9 Mr. Zucker succeeded in passing any money to Mrs. North?

10 A It is possible, but it is not probable because
11 I should have informed if it would have taken place.

12 Q And Mr. Zucker never told you that he succeeded
13 in passing any money to Mrs. North?

14 A That is correct.

15 Q This account is denominated AH Subaccount 3,
16 right?

17 A Yes.

18 Q Did you ever see any documents indicating that
19 the Button account was denominated subcommittee 3.

20 A No, I haven't.

21 Q What about the contra death benefit account?

22 A I have not seen such a document either.

23 Q Or the investment account?

24 A I might -- there might be such a document. I
25 don't remember. That was more specific. I don't remember that.

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13

1 Q Let's go on.

2 MR. JANIS: The next document is responsive to
3 the committee's request to Mr. Hakim regarding what were
4 loosely called wills or testamentary documents. There
5 are two such documents. The first is addressed to the
6 holders of AH subcommittee 1 and 2 signed by Mr. Hakim.
7 I am going to give you that now, Mr. Liman.

8 MR. LIMAN: This document should be marked as
9 AH-12.

10 (The document referred to was marked for
11 identification as Deposition Exhibit Number AH-12.)

12 BY MR. LIMAN:

13 Q Does A.H. 12 represent one of the testamentary
14 designations or wills as we have used that term that
15 you have testified to?

16 A Yes, sir.

17 Q And does it bear your signature?

18 A Yes, it does.

19 Q Unlike the other exhibits relating to the
20 accounts, this doesn't have a date. Do you observe that?

21 A That is correct.

22 Q Do you recall when you signed this document?

23 A The answer is, no, but it was definitely prior
24 to November.

25 Q Whom did you instruct to prepare this document?

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14

1 A My attorney, Mr. Zucker.

2 Q And where did you sign it?

3 A In his offices in Switzerland.

4 Q Who was present when you signed it?

5 A To the best of my recollection it was just
6 Mr. Zucker and myself.

7 Q Was the person who signed this Evelyn Repiquet--
8 R-E-P-I-Q-U-T? Does that name ring a bell with you?

9 A Yes. She and I separately signed that. When the
10 document was prepared by Mr. Zucker I separately signed
11 it with her in her office, which is different than Mr.
12 Zucker's.

13 Q Did you read the document before you signed it?

14 A Yes.

15 MR. LIMAN: May I have the next exhibit, please?

16 MR. JANIS: The next exhibit is a similar
17 document with respect to AH subaccount 2.

18 MR. LIMAN: Would you mark this one as AH 13?

19 (The document referred to was marked as Deposition
20 Exhibit Number AH-13.)

21 BY MR. LIMAN: Am I correct that this bears your
22 signature?

23 A Yes, sir.

24 Q Did you sign AH-13, which covers subaccount 2,
25 at the same time that you signed the document covering

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1 subaccount 1?

2 A I am reasonably sure, yes.

3 Q And do you recall when you signed this document?

4 A The same answer. I can't recall, but it was
5 before November.

6 Q Do you remember any event or conversation that
7 occasioned you to sign -- that occasioned you to
8 instruct Mr. Zucker to prepare these documents?

9 A I remember my motivation.

10 Q But was there some event or conversation?

11 A No. I can't remember that. But I do recall since
12 I became as an individual, the beneficiary of those monies,
13 I requested such a paper to be drawn.

14 Q Well, let me see if I can have you elaborate on
15 that. When you said you became as an individual the
16 beneficiary of them, you became the beneficiary when they
17 were put into accounts AH-1 and AH-2, am I correct?

18 A And 3, that is correct.

19 Q As a result, those monies were no longer in the
20 corporation as such, am I correct?

21 A That is correct.

22 Q And you therefore wanted to provide by these
23 documents that if something happened to you, the money would
24 not go to your heirs, but would be disposed of as provided
25 in these instructions?

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16

1 A That is correct.

2 Q And you have testified to your motivation earlier,
3 and I will explore that some more later.

4 MR. LIMAN: Let's go to the next document.

5 MR. JANIS: Can we go off the record for a second?

6 MR. LIMAN: Yes.

7 (Discussion held off the record.)

8 MR. LIMAN: Let's go back on the record.

9 While we were off the record, I was informed
10 by Mr. Janis that the next document that he was producing
11 has marking on it of top secret; that it contains sensitive
12 information that could affect the lives of individuals,
13 I assume, and I have stated that under the procedures
14 and rules of the committees, we handle top secret, code
15 word, documents all the time.

16 We maintain them on a closely held basis, and we
17 have certain procedures with respect to the use of the
18 public proceedings to ensure that we do not jeopardize
19 national security or risk lives of other people. What I
20 would suggest is that you mark the document. We will put
21 it aside in a separate envelope, and I would like to have
22 Mr. Hakim at least describe on the record in terms that will
23 not jeopardize individuals what the document is.

24 Since it is in Farsi, I believe that only [REDACTED]
25 [REDACTED] and of course Mr. Hakim will be able to do anything

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17


1 with it anyway.

2 Mark it as the next exhibit.

3 (The documents were marked as Deposition Exhibit
4 Number AH-14 for identification.)

5 BY MR. LIMAN:

6 Q Would you describe in general terms what this
7 document is?

8 A This is basically a report from the so-called
9 Mr. 

10 Q Who gave you the document? Was it a CIA official?

11 A I believe -- well, no, it came from -- my under-
12 standing was and is that from CIA people it was given to
13 Mr. Secord and Mr. Secord gave it to me to get my assessment
14 of this report.

15 Q As is the term "top secret" written on it in Farsi.

16 A Yes.

17 Q The document is in Farsi?

18 A The document is in Farsi written on stationery
19 of a hotel, Concord, Lafayette, Paris.

20 Q Do you know what the date is of this document?

21 A I know the Iranian date on this.

22 Q What would the translation be for our purpose,
23 roughly?

24 A Roughly it would be July-August.

25 Q Of 1986?

A It is a year ago -- it is 1365 Iranian year, and

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18

1 I believe now it is 766.

2 Q So it would be 1986.

3 A Yes.

4 MR. JANIS: The next document is also in Farsi.

5 MR. LIMAN: Is this document in the same
6 category?

7 THE WITNESS: Yes, it is, sir, a different date.

8 MR. LIMAN: Mark as AH 15.

9 (The document referred to was marked as Deposition
10 Exhibit Number AH-15 for identification.)

11 BY MR. LIMAN:

12 Q AH-15, I am going to write top secret code word on.
13 Who gave you this document?

14 A The same man, sir.

15 Q What is the date?

16 A This is prior to the -- it is dated a few weeks prior
17 to that, that is in July. Let me see -- because my birthday
18 is in July. See if I can't figure this out. I should be
19 around the 17th of July, approximately.

20 Q Now, was this document from the same person
21 to the same person?

22 A Exactly.

23 Q Thank you.

24 Have you read these documents recently?

25 A No, not recently. I glanced at them this morning.

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19

1 Q Did either of these documents complain about
2 pricing?

3 A Not this document, no. These -- at least the first
4 one that I read didn't complain. It was basically a review
5 of the events, the first one, and this one --

6 MR. JANIS: That is the first one.

7 THE WITNESS: The second one --

8 MR. JANIS: Do you want him to take the time to
9 reread these?

10 MR. LIMAN: No, not at this time.

11 THE WITNESS: Glancing at it, Mr. Liman, it
12 doesn't -- it is an analysis, a political analysis, if you
13 will, and doesn't talk about the complaints about the
14 pricings.

15 MR. LIMAN: Let's go on.

16 BY MR. LIMAN:

17 Q AH-16 has just been produced to me and it appears
18 to be a transcript of a conversation dated March 18, 1986,
19 and I think this will have the same classification, but let
20 me ask you who gave you this?

21 A I prepared it and I kept it, I kept a copy. This
22 is a transcript from one of the recordings I referred to
23 earlier in my testimony when I was talking to Mr. [REDACTED] over
24 the phone, and we recorded the conversations and gave the
25 tapes to be given to the CIA.

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1 This particular one I was asked by Mr. Secord to
 2 translate it because apparently it was important. There was
 3 some time pressure and they needed to know what the
 4 conversation was all about, so I sat in the office, our
 5 offices in Vienna and translated it.

6 (The document referred to was marked as Deposition
 7 Exhibit Number AH-16 for identification.)

8 BY MR. LIMAN:

9 Q And you gave a copy of this to General Secord?

10 A Plus the tape.

11 Q Did he tell you to whom he gave the tape and the
 12 copy.

13 A He gave me the impression that it would be given to
 14 the CIA.

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21

1 BY MR. LIMAN:

2 Q You have already testified what Falkands
3 referred to.

4 A Pardon?

5 Q You said in prior testimony they refer to -- do they
6 refer to Phoenixes or Hawks?

7 A No, Phoenixes.

8 Q And the number "240" represents -- refers to what?

9 A Spare parts.

10 Q The Hawk spare parts?

11 A Yes, 240 items.

12 Q Is this another one of the documents that you found
13 in California?

14 A Yes, sir.

15 Q What does "Jiyan, cheaper car" stand for?

16 MR. JANIS: Which page is that, Mr. Liman?

17 MR. LIMAN: Page 5.

18 THE WITNESS: That is an Iranian-made car. It is
19 pronounced "Jee-yan," the French "J."

20 BY MR. LIMAN:

21 Q And what kind of armament does that stand for?

22 A May I look at it?

23 Q Sure.

24 A Probably, since we didn't have any pre-assigned code
25 words, we created those as we discussed. It probably refers

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1 to the TOWs, if I am not mistaken.

2 What he is saying, basically, is he has agreed to
3 accept something less sophisticated than the Phoenixes.

4 Q Does AIDIE stand for hostages?

5 A Yes.

6 I also testified that I referred to the Iranian
7 new year's present.

8 Q Is that an Iranian word?

9 A Yes.

10 Q What is the translation -- botches?

11 A It is new year's gift. If you go back to my depo-
12 sition, somewhere in there I -- when I was trying to recall
13 one of the dates I referred that I talked about AD, which
14 is the gift.

15 Q What is the souvenir?

16 A Probably it is referring to -- this is again one of
17 those creative pieces of work by Mr. [REDACTED] Probably it is
18 something that he wanted us to bring or send to him. If you
19 look at the whole transcript, I probably would be able to
20 figure it out.

21 But it refers -- as you can see, judge from this,
22 it is really a bargaining exercise. He wants something that
23 he can not get, and we want something that we can not get.

24 Q The souvenir installment was something that --

25 A Something that would show that we are serious.

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1 Q And you refer here to how you have been able to deal
2 with the bureaucracy and how Congress is on everybody's
3 back.

4 Was that bargaining talk?

5 A Oh, definitely.

6 Q That is what it sounds like. I just wanted to get
7 it on the record.

8 A Definitely, yes.

9 Mr. Liman just touched upon something that brings a
10 lot of things back in my mind which I believe you would find
11 it important.

12 In both -- during the discussions with both channels,
13 one of our so-called bargaining chips with them was that if
14 you guys want to get someplace with us, you have to
15 recognize our position -- us, the Americans -- that we are
16 going out of our way around the Congress, and if you squeeze
17 us any further we won't be able to help you in the manner
18 that we have started to help you.

19 That was used continuously as a bargaining chip.

20 MR. LIMAN: Any more documents?

21 MR. JANIS: Yes.

22 MR. LIMAN: AH-17 is a document that consists of a
23 card of a ship broker, Mr. Nielson, a slip of paper with
24 Mr. Herup --

25 MR. JANIS: H-E-R-U-P.

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1 MR. LIMAN: H-E-R-U-P, yes, on it -- and six sheets
2 that appear to relate to the Erria, including a power of
3 attorney to Mr. Hakim for Mr. Farina and the standard
4 Panamanian form of resolution for the power.

5 (The document marked Exhibit No. AH-17 follows:)

6 *****COMMITTEE INSERT*****

7 BY MR. LIMAN:

8 Q What do these documents represent?

9 A These are the documents that I kept from the
10 trip that I took to purchase the ship.

11 Q The Erria?

12 A The Erria.

13 Q Okay.

14 Let's go to the next document.

15 MR. JANIS: We didn't make enough copies of these
16 next documents.

17 MR. LIMAN: We can always make them.

18 MR. JANIS: The next document is number 18. This
19 is Mr. Hakim's state and federal income tax returns for the
20 years 1983, 1984, and 1985. We have not had an
21 opportunity -- we don't have the one for 1982 yet which
22 might be responsive to the subpoena.

23 MR. LIMAN: Would you mark this?

24 (The document marked Exhibit No. AH-18 follows:)

25 *****COMMITTEE INSERT*****

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MR. LIMAN: Next document, please.

MR. JANIS: The next document -- again, we didn't make sufficient copies -- is a copy of Mr. Hakim's telephone -- personal telephone book.

MR. LIMAN: Would you give this the next exhibit number?

(The document marked Exhibit No. AH-19 follows:)

*****COMMITTEE INSERT*****

BY MR. LIMAN:

Q Exhibit 19, where did you keep Exhibit 19?

A I normally carried it in my briefcase.

Q And it was a book where you kept adding names to it, correct?

A Yes, it is a normal telephone book, pages in a binder.

Q Did you -- how current is this book?

A This is one of my tools.

Q Is this one you are still using?

A Yes. Yes, sir. I may have some old telephone books.

Q Is this complete? Did you remove any pages from it?

A I gave this to --

MR. JANIS: It was copied intact from Mr. Hakim's book.

BY MR. LIMAN:

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1 Q Just taking a quick look at it, I don't see
2 North's phone number. I will look at it good, but --

3 A This should be in -- I don't know what --

4 Q You have a lot of lawyers' numbers, but -- you
5 have half the Bar, it seems.

6 A It is not necessarily -- the telephone numbers are
7 not necessarily registered under the name of the person
8 himself. Normally, the person that I know could very well
9 be -- may I take a look at it?

10 Q Yes. Just show me.

11 A It could be under Secord's name, because I didn't
12 know North. It is here, sir.

13 Q Under --

14 A Here.

15 Q I see it.

16 A For instance, to give you in a way of example what
17 I earlier testified, you see George Cave's number in here.
18 It is under North's because I met him through North, so this
19 is Ollie North's. That is his number, and I believe the
20 name of one of the --

21 Q What is this under? What letter is this under?

22 A "N".

23 Q I see.

24 It says "North C.K.," right? Read it to me.

25 A It says -- no, no. This is a different entry. That

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1 is Nole.

2 Q Where is North?

3 A North is here, Ollie North.

4 Q Ollie North.

5 A 202-395 -- this is the number they had and changed it
6 and kept changing it.

7 Q That was the office number.

8 A Yes.

9 Q Then you had his secretary's number, Fawn?

10 A No, that is not -- it is just a reminder who the
11 Secretary is.

12 Q Right.

13 A This is the switchboard, the general switchboard.

14 Q Did you have his home number?

15 A I think so. Here, it says "home," doesn't it?

16 Q Looks to me like it says "home."

17 A Yes, I believe so.

18 Q And --

19 A Or, no, it says "home direct," yes.

20 Q Home direct.

21 A Now I recall. This [REDACTED] was the number that
22 earlier I used to just to get to his home.

23 Q That is the White House switchboard.

24 A Switchboard. Then I recall having had difficulties
25 locating him, and then I got the direct -- that is why it

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1 says "home direct."

2 Q And is that the number that you gave to Mr. Zucker
3 in order for him to call Mr. North?

4 A I don't recall -- I don't recall really what.
5 Logically, it must be.

6 Q You gave Zucker a number.

7 A Yes. So, I don't know whether this was the one.
8 Just again, for a second, I mentioned during the time I was
9 being questioned about the CIA officials that I met and I said
10 there was a gentleman that I met that I didn't recall his
11 name that was at the luncheon with Mr. [REDACTED] and Mr. North.
12 His name is here -- [REDACTED]

13 Q And the DEA reference, is that to the person who
14 was to meet you [REDACTED]

15 A Yes, [REDACTED] yes.

16 Q Are those all the documents that you have today?

17 MR. JANIS: Yes.

18 BY MR. LIMAN:

19 Q Let's go back to these two reserves which are
20 covered by the agreements, AH-9 and AH-10, the two reserves
21 of \$2 million each.

22 A Yes.

23 Q Now, I know you have testified on it, but I want
24 it as clear on the record as your recollection will permit.

25 The first reserve which was put in A.H. subaccount #1

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1 was established March 5, 1986.

2 A Let me see.

3 Yes.

4 Q Now, the second one was established on June 18, 1986.

5 A Yes, sir.

6 Q Now, these reserves were established before you
7 opened up the second channel.

8 A Yes. The second channel started -- became active
9 in July.

10 Q In your own words, at the time that you created
11 the first reserve which is AH-1, what was its purpose?

12 A To have a total financial back-up for any
13 emergency reserve, basically to have financial backbone.

14 Q And what was the purpose of creating this second
15 reserve in June, same purpose?

16 A Same purpose.

17 Q So that at that point you had \$4 million as what
18 you call "financial backbone"?

19 A Yes.

20 Q Now, in your own words again, explain why in the
21 case of subaccount 1 you gave North power in the event of the
22 death of Secord and yourself while in subaccount 2 you
23 limited it to Secord in the event of your death?

24 A First of all, I continued to treat these monies
25 as the enterprise's money. That is why I created the will,

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1 the so-called will. And I believe his subaccount 2, which
2 is at the later date --

3 Q Yes, that is June.

4 A We started to talk to the people for the second
5 channel, June, July.

6 Q Well, you are not able to say when you gave these
7 powers other than that they were after the accounts were
8 established and before November?

9 A The point that I am trying to make --

10 Q What I am trying to focus on is the time you gave
11 the powers, which I gather is different from the time you
12 opened the accounts.

13 A Exactly.

14 Q At the time you gave the powers, had you already
15 begun your discussions with the second channel?

16 A Yes.

17 Q And then when you gave the power for subaccount 2,
18 was it your intent that Second would be able to use that
19 money to take care of your obligations to subaccount 2?

20 A That is correct.

21 Q And you have testified before that you did not
22 consider it to be seemly for a government official like
23 North to take -- to have to fulfill those obligations, correct?

24 A Correct.

25 Q Now, did you tell the people who you had these

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1 obligations to in connection with subaccount. What in the
2 event something happened to you, Secord would look after
3 them?

4 A One particular person, I did tell him that, yes.

5 Q And did he ask you, you know, "What will happen if
6 something happens to you, Albert?"

7 A No, I volunteered.

8 Q So it was not a case of your creating these powers
9 because someone in channel two said, "We trust you,
10 Mr. Hakim, but if something happens to you, where are we?"

11 A No, no, no. The whole idea of the creation or
12 requesting the so-called wills we drafted was initiated by
13 me as a -- I felt obligated towards the enterprise, towards
14 the mission, towards the people that were involved.

15 I personally created those.

16 Q As I understand your earlier testimony, it was your
17 hope and goal that if the second channel was successful in
18 relations between Iran and the United States were normalized,
19 you would be able to, quote, "make a bundle," in doing
20 business in Iran?

21 A That is correct.

22 Q And that Mr. Secord would be your partner in that
23 venture?

24 A Yes, sir.

25 Q And were the Iranians whom you were dealing with in

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1 opening up this second channel to be partners in that
2 venture, too?

3 A Yes, sir.

4 Q So that -- let me see if I understand -- you know
5 what the term "bakhshish" means?

6 A Yes, I do.

7 Q Is it fair to say that that is a way of life in that
8 part of the world?

9 A That is correct, sir.

10 MR. JANIS: Would you tell us, for those of us who
11 don't speak Farsi, what that is, because you have an
12 obvious advantage here.

13 MR. LIMAN: I think it is an Arabic word, but
14 I don't know that it is. Maybe it is an English word.

15 THE WITNESS: No, it is Arabic, which is
16 frequently used in Farsi, and it really has a very positive
17 ring.

18 Bakhshish is a donation for religious reasons.

19 BY MR. LIMAN:

20 Q Doesn't it go beyond that? When they set the
21 compensation of officials in that part of the world, is there
22 not some expectation that there is going to be some bakhshish,
23 too?

24 A That is what the foreigners -- foreign to Iranians --
25 use within the Iranian community, though they have different

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1 verbiage which refers to their right.

2 Q It is an entitlement.

3 A An entitlement, yes.

4 Q Entitlement to bakhshish.

5 A Right.

6 Q And if you want even the most ^{in. in Secord} ~~ministerial~~ thing

7 done --

8 A There is an entitlement.

9 Q There is an entitlement and there is bakhshish.

10 A Right.

11 Q Was the \$2 million for subaccount 2 the one where
12 Secord had the power to be used for bakhshish or to be
13 used as part of the cap for this business enterprise that
14 would be functioning in the market in Iran?

15 A Both possibilities and combination of both
16 possibilities were considered. We never finalized how we
17 were going to handle it. We were hopeful that once we got
18 to a point that you could really sit down and do business
19 with the Iranians, sort all these things out.

20 Q When you say, "We considered both," who is the "we"
21 at this point?

22 A Mr. Secord, myself, and the Iranians.

23 Q And you never finalized your arrangement, as
24 I understand it, with the Iranians involved in the second
25 channel?

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1 A We could not do that, because we did not know
2 whether we were going to be successful. If we are not
3 going to be successful, it would have taken the form of
4 bakhshish. If we would have been successful, it probably
5 would have been invested for their benefit in the joint
6 venture.

7 We did not really clarify it.

8 MR. LIMAN: Off the record.

9 (Discussion off the record.)

10 MR. LIMAN: Back on the record.

11 THE WITNESS: In the testimony that I just gave
12 in connection with subaccount --

13 BY MR. LIMAN:

14 Q Two.

15 A -- two, I want the record to reflect that at no
16 time we lost the sight of the prime purpose of these set of
17 accounts which were for the purpose of financial back-up.

18 In other words, I do not want the deposition to give
19 the impression that it was intended to give \$2 million in
20 the form of bakhshish to the Iranians.

21 Q I understand that, that you would use the \$2 million
22 if the venture was -- if the venture was successful in
23 opening up the second channel, the \$2 million would have been
24 used --

25 A And if we didn't have to use it for other

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1 emergencies and whatever would be left --

2 Q Would be used in order to do business in Iran?

3 A Yes, to initiate the Iranian business venture.

4 Q And if you failed in opening up the door to Iran,
5 then you had some obligations in the nature of bakhshish
6 that would have to be paid?

7 A Yes, sir.

8 Q And do I understand your earlier testimony to be
9 that the total amount of those obligations has never been
10 fixed?

11 A That is correct, sir.

12 Q Are you still getting pressed by any of the people?

13 A Impressed which way?

14 Q Pressed.

15 A Oh, pressed. Sorry. It is more than pressed.

16 Q Threatened?

17 A That is closer.

18 Q Now, when you started doing the business of the
19 enterprise, as you have defined it, in 1985, roughly, with
20 the arms sales to Calero, the enterprise essentially had
21 no capital; is that correct?

22 A That is correct.

23 Q And so from the sales to Calero, from the Iranian
24 arms sales, you generated the money that you needed for this
25 enterprise to function?

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1 A When you say "sales to Calero," you are referring to
2 the donations, I assume?

3 Q Well, you did get commissions on the sales to
4 Calero.

5 A Yes.

6 Q And those monies were left in the enterprise for a
7 period of time, weren't they?

8 A Okay, yes. I am with you now.

9 Q Then the Iranian sales took place, and you generated
10 money from them, correct?

11 A Yes, I am with you.

12 Q And you set aside the reserves.

13 A Yes, that is correct.

14 Q And would I be correct as a commercial lawyer,
15 really, looking at these reserves as something that were, in
16 effect, a substitute for capital?

17 A Definitely.

18 Q I would be correct?

19 A Definitely.

20 Q Now, the \$2 million that was in AH -- in subaccount 1,
21 which is the account as to which North would have some power
22 of disposition if both you and Secord died, was that to be
23 used solely for capital of the enterprise as opposed to taking
24 care of these Iranians?

25 A That was the intent, sir.

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1 Q Now, on AH-10 -- I think I know the answer to this
2 one -- they refer to subaccount 2 as the client.

3 A Yes, sir.

4 Q Okay.

5 And this --

6 A This is standard form.

7 Q You understood that as long as you lived you had the
8 power of the disposition of this account?

9 A Right.

10 MR. JANIS: I might also note on page 5 of that same
11 document there is a line that says "signature of client."
12 Mr. Hakim has testified that is his signature.

13 MR. LIMAN: Right.

14 Let's take a two or five-minute break.

15 (Recess.)

16 MR. LIMAN: We are back on the record.

17 BY MR. LIMAN:

18 Q Mr. Hakim, you had a long relationship of trust
19 with Mr. Zucker, correct?

20 A Yes, sir.

21 Q Explain to us why you named Oliver North as the
22 successor to you and Mr. Secord rather than Zucker.

23 A In other words, you are asking me why I did not leave
24 instructions for Mr. Zucker to handle these monies?

25 Q Yes, why, if something happened to you and also

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1 happened to Secord, why did you choose North to the person
2 who would be able to dispose of all this money as opposed to
3 Zucker, who was your financial trustee, anyway?

4 A This is very obvious. I said that although the
5 money was set aside under my name, I continued to treat
6 that as the enterprise's money, and I didn't think that
7 Mr. Zucker knew what the mission was and what the activities
8 of the enterprise consisted of for him to know what to do with
9 it.

10 Q And so, if both you and Secord were gone, then you
11 saw North as the logical person?

12 A Right.

13 Q And why was it that in this power you gave Secord and
14 North -- whoever survived -- the power to use the money for
15 their own purposes?

16 A Well, here comes the business phase of this
17 enterprise, and I tried to explain the other day that the
18 formation of the enterprise was most unconventional.

19 We started out looking at it as purely a business
20 enterprise, and as I got more involved, I saw signs and
21 influences that was contradictory, so when I thought of that
22 part, you know, that was sort of if we all die, then it is
23 obvious we want our families to benefit.

24 To me, after North, I had no other contacts. I knew
25 no one beyond North.

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1 MR. JANIS: Can we go off the record a second?

2 (Discussion off the record.)

3 MR. JANIS: Back on the record.

4 THE WITNESS: Did I answer your question?

5 MR. LIMAN: I thought you answered the question.

6 Let me just see if I understand it.

7 If you and Secord and North were gone, then you
8 couldn't see anything further in terms of this enterprise?

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1 - A Exactly.

2 Q So that you left it to North if both you and Secord
CAS-1 3 were gone to decide what he wanted to do with the money in
4 that eventuality?

5 A That is correct.

6 Q Now, did you tell Secord that you had made these
7 provisions in the event of your death?

8 A Yes, sir.

9 Q Did Secord suggest that North be named?

10 A No.

11 Q Did he object to North being named?

12 A No.

13 Q Did you ever tell North that you had provided for
14 him?

15 A I vaguely remember saying words to the effect that
16 if I should die, the enterprise can continue. He was worried
17 that there was a damage control mechanism in the form --

18 Q Why? You are now speaking like a Government
19 official with words like "damage control". Was that your
20 language when you were in Iran?

21 A No, I am learning new language, sir.

22 Q Let's go back to plain talk. Was he aware that you
23 had made some provision --

24 A That he would be in control.

25 Q That he would be in control?

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CAS-2 1 A Yes.

2 Q Have you ever heard of Robinette?

3 A Yes, sir.

4 Q And who is Robinette?

5 A Robinette is to the best of my knowledge -- I have

6 come to see that I appear or I think I know a lot and then

7 things turn out to be different -- he was introduced to me

8 as being a retired CIA analyst or official, and for some

9 time. That he was employed by General Secord to help us

10 out with this Florida lawsuit.

11 Q Did you ever transfer money to Robinette to be

12 given to the Norths?

13 A Not I.

14 Q Did anyone, to your knowledge?

15 A I find that most unusual -- no, I don't know. I

16 don't know.

17 Q You have testified about the fact that --

18 A May I add something to --

19 Q Sure.

20 A -- to the connection of Robinette and North that

21 I just recall. It has nothing to do with the financial

22 end of it. The only area that I recall that Robinette

23 was in any way or form introduced to North was when North

24 was being threatened and Robinette is an expert in security

25 and he was asked to establish a security network for his home.

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CAS-3

- 1 - Q And did you arrange to pay for it?
- 2 A I had no involvement.
- 3 Q Did you know that the enterprise was paying for that?
- 4 A I have no knowledge of that.
- 5 Q So you have no idea who paid for it?
- 6 A I don't even know if such a system was installed.
- 7 I recall that that was an issue.
- 8 Q Do you recall that it was Secord who told you about
- 9 this or North?
- 10 A Definitely not North. I would also eliminate
- 11 Robinette. He doesn't talk. It must have been Secord.
- 12 Q Incidentally, I can't resist it, but we find that
- 13 also true of CIA people. They don't talk much.
- 14 In the period from 1985, beginning of 1985 until
- 15 November of 1986, when all hell broke loose, where did you
- 16 make your principal office when you were in the United States?
- 17 A Basically my home.
- 18 Q In California?
- 19 A In California.
- 20 Q And you also spent some time, I take it, in the
- 21 Virginia office of STTGI?
- 22 A Very -- during that period of time, very seldom.
- 23 Q Did STTGI have a telex machine?
- 24 A Yes.
- 25 Q Were instructions communicated to Zucker by way of

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CAS-4

1 telex?

2 A Sometimes.

3 Q Do you have copies of any of the telexes that were
4 communicated to Zucker during this period with respect to
5 these accounts?

6 A Mr. Liman, when you said we communicated with
7 Mr. Zucker by telex, are you referring to the contra/Iran
8 initiative or our business relationship?

9 Q With respect to transfer of money. I mean, I am
10 well aware that telexes customarily are used in financial
11 transactions to make a record of the instructions that you
12 give to banks or managers. Isn't that your experience, too?

13 A Yes.

14 Q Was that practice followed by you?

15 A Yes.

16 Q And we do not seem to have the telex instructions.
17 We may have some, but I am asking whether or not you have
18 copies of telex instructions that were given to Zucker with
19 respect to these companies.

20 MR. JANIS: I want to make sure there is not a
21 misunderstanding. I think Mr. Hakim answered your question
22 about telexes in the general.

23 MR. LIMAN: If he gave an instruction to Zucker
24 to transfer \$50,000 here or transfer \$70,000 there, what I am
25 asking is whether there are telex instructions which we have

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CAS-5

not been given that he is aware of, and if there are such instructions, I would like to get copies. I think they have been covered by the subpoenas and --

MR. JANIS: Let me make my point because I don't think you understood. I am not sure that I understand Mr. Hakim. I think what he was trying to distinguish between was normal business transactions in which telexes might have been used and business transactions with the enterprise in which telexes may or may not have been used.

THE WITNESS: That was my question. Normally, when I wanted out of the U.S. to execute a transaction related to either the contras or the Iranian initiative, I always made it a point to do it by phone and talk in riddles and not to leave any trace.

I do not exclude the possibility that sometimes we had to send telexes, and if we did, it is not my normal practice to carry copies of documents that should remain in the office. But I am willing to search.

BY MR. LIMAN:

Q Mr. Hakim, you mentioned in one of your earlier sessions that since November you have spoken to and seen North a few times, do you recall that?

A Yes.

Q When since November of 1986 have you seen North?

A There is a -- I believe -- I believe -- well, I am

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CAS-6 1 sure I met him in the Sheraton Hotel. I also believe that
2 Mr. Green was present and Mr. Secord was there.

3 Q When was that?

4 A I don't remember. So that must have been prior to
5 my retaining Mr. Janis.

6 Q What did you discuss?

7 MR. JANIS: Hold it.

8 (Counsel conferring with witness.)

9 MR. JANIS: To the extent you are asking
10 Mr. Hakim to report on conversations that took place
11 involving Mr. ^GGreen, those conversations are subject to the
12 attorney/client privilege and, therefore, Mr. Hakim cannot
13 answer that question.

14 MR. LIMAN: Well, not every conversation that you
15 had with Colonel North in the presence of Mr. Green is
16 privileged and I think you can invoke the privilege as to
17 those portions which you think are covered and let him
18 testify as to the rest.

19 BY MR. LIMAN:

20 Q Was Mr. Green representing you at that meeting?

21 A Yes.

22 Q Was he representing Mr. North at that meeting?

23 A Yes, and also Mr. Secord.

24 Q And he was representing Mr. Secord?

25 A Yes, sir.

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CAS-7 1 Q And the testimony has been that Mr. Green withdrew
2 from the representation of Mr. North in about the third or
3 fourth week of November. I think I have a letter that
4 indicates that he withdrew somewhere around November 27,
5 1986. Do you recall when this meeting was?

6 A It was --

7 MR. JANIS: Was this before Mr. North had another
8 attorney, Mr. Sullivan, or afterwards?

9 THE WITNESS: It was before he had his own attorney.

10 BY MR. LIMAN:

11 Q Do you remember was it before he was fired or after
12 he was fired from the NSC?

13 A I think it happened -- I don't know exactly when
14 he was fired.

15 Q Well, he was publicly fired by the President of the
16 United States on Tuesday, November 25th.

17 A Then he was not fired, because I believe at that
18 time I was even out of the country. I can consult my
19 passport and see. I believe that at that time I was not even
20 in the country.

21 Could you excuse me one moment?

22 Q Do you want to step out and consult? Would you
23 please, because we have discrete dates --

24 MR. JANIS: Off the record.

25 (Discussion off the record, and consultation

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CAS-8 1 between witness and counsel outside the room.)

2 MR. LIMAN: Back on the record.

3 MR. JANIS: The bottom line on our -- on Mr. Hakim's
4 position is that any discussions that took place with
5 Mr. Green and Mr. Secord and Mr. North and Mr. Green at
6 the same time are covered by the attorney/client privilege
7 and he is not at liberty to discuss those matters. Not only
8 can he not waive his own privilege, but he can't waive the
9 privilege of the other people.

10 BY MR. LIMAN:

11 Q When was the last time you saw Colonel North?

12 A I haven't seen Colonel North for many months now.

13 Q Have you seen him since you were represented by

14 Mr. Janis?

15 A No.

16 Q When was the last time you spoke to him?

17 A I haven't spoken with him for many months.

18 Q Did he send any messages to you through anyone

19 else?

20 (Witness conferring with counsel.)

21 THE WITNESS: No.

22 BY MR. LIMAN:

23 Q There has been some testimony by you about the
24 fact that at one time General Secord told you that he
25 wanted to forswear his share of profits; do you recall that?

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CAS-9

1 A Yes, sir.

2 Q When was it that General Secord told you that and
3 what did he say to you?

4 (Counsel conferring with witness.)

5 THE WITNESS: I cannot exactly remember the date,
6 Mr. Liman.

7 BY MR. LIMAN:

8 Q Was it before the Iranian sales began?

9 A I believe so.

10 Q Give us your best recollection of the date.

11 A I believe it was during the time that he was
12 frustrated with the CIA. This is to the best of my
13 recollection -- that it was during the time that he got into
14 one of his general moods and wanted to go back to the Government
15 and straighten things out. So that --

16 Q What do you link that with?

17 (Counsel conferring with witness.)

18 THE WITNESS: Can you give me a date on the time
19 that Dutton and Secord and North were trying to sort out their
20 relationship with the CIA and the Government in connection with
21 the contra activity?

22 BY MR. LIMAN:

23 Q You mean about disposing of the assets to the CIA?

24 A Or sometime before that, yes.

25 Q They began those discussions when Congress adopted

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CAS-10 1 legislation that was repealing Boland and that would have
2 been either -- the legislation was adopted or it was
3 signaled in or around June of 1986 if my recollection serves
4 me correctly.

5 A I would say that is a close time, that time frame.

6 Q What did he say to you?

7 (Counsel conferring with witness.)

8 THE WITNESS: You are talking about 1986, aren't
9 you?

10 BY MR. LIMAN:

11 Q That is when this happened.

12 MR. JANIS: I am sorry. Can we take a minute to
13 try to reconstruct this?

14 I want to make sure he is being accurate.

15 (Counsel and witness leaving the room.)

16 MR. JANIS: Could we hear the last question again,
17 please?

18 (Whereupon, the reporter read the pending question.)

19 BY MR. LIMAN:

20 Q There is a question pending, what did General
21 Secord say to you?

22 Mr. JANIS: I would like to go back to clarify
23 the time --

24 BY MR. LIMAN:

25 Q Sure, go ahead.

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CAS-11 1 A The elements that I can reconstruct in my mind to
2 go by to try to determine the time are the following:

3 It was, to the best of my recollection, prior
4 to the last distribution of the commissions on the contra
5 sales.

6 Q The stranded weapons?

7 A Yes. And it was also at a time that Richard had
8 reached the limit of his frustration with the CIA. These are
9 the things that I recall. That is why I related that to the
10 time that they were sorting things out. And then I asked you
11 about the time that they were trying to sort out -- I would
12 say it was some time in early to mid-1986.

13 Q Is one of the reasons that you can't place the date
14 more precisely that there is no written record of this
15 waiver?

16 A That has never been our method of operation, to have
17 records, but --

18 Q Yes or no?

19 A Yes.

20 Q Is there a written record of this waiver?

21 A No, there isn't.

22 Q Did you ever give any writing to Mr. Zucker
23 saying that the profits in the Korel account are no longer to
24 be held for General Secord?

25 A I don't believe so.

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CAS-12

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Q Did the conversation that you had with General

Secord in which he said that he didn't want to participate in the profits take place before or after you named him in these so-called wills?

A Before.

Q What did he say to you?

A He said to me, to the best of my recollection, that there might be a possibility for him to go back to the Government and, if so, he doesn't want to have any taint from these operations.

Q Did he continue after he gave you that statement or expression to give instructions with respect to the enterprise?

A Yes.

Q Did he offer to give back the money that he had withdrawn previously as his share of the commissions?

A Intend to -- to whom?

Q Did he offer to give back to you or the enterprise the money that he had withdrawn previously as his share of commissions?

A I don't know -- you mean actually withdrawn?

Q Yes.

A I am not aware if he withdrew any money. I would have to consult the records. I don't recall -- if he withdrew money, I don't recall any statement by him telling me that he withdrew money and he was going to return it.

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CAS-13 1 Q Did this conversation he had with you take place
2 before or after you were looking at investments for Tri-
3 American Arms?

4 A I believe it was way before that, to the best of my
5 recollection.

6 Q Did it occur before you transferred the \$150,000
7 to TriAmerican Arms?

8 A Before. By the way, there is one thing that I would
9 like to mention that -- when you were asking me about
10 Mr. Zucker, if I gave him any instructions about these
11 monies. I believe I loosely mentioned to Mr. Zucker that --

12 MR. JANIS: Hold on for a second.

13 (Counsel conferring with witness.)

14 THE WITNESS: At one point I may have told
15 Mr. Zucker that Richard has told me that he may go back to the
16 Government, just to that extent, no further.

17 BY MR. LIMAN:

18 Q You testified that from time to time you and
19 General Secord would visit Mr. Zucker's place of business
20 and look at the records, am I correct?

21 A Yes, sir.

22 Q From the time that you and General Secord began
23 doing the business that became the enterprise, let's say
24 first with the sale to Calero and then right through to a
25 second channel, were his share of the commissions and then of

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CAS-14 1 profits always put under the name of Korel?

2 A Yes, sir.

3 Q I want to ask you something which I will treat
4 as, again, code word, top secret marked as the next exhibit,
5 a sheet of paper which has two names which I intend to
6 share with John Nields and his minority counsel, but
7 otherwise keep it closely held.

8 (The document, A-14-Exhibit 20, was marked for
9 identification.)

10 BY MR. LIMAN:

11 Q I don't vouch for the spelling, but was the name
12 which has number one after it the person who introduced you
13 to the second channel?

14 A Yes, sir.

15 Q And is the name which has the number two after it
16 the person who he brought into it to set it up, the second
17 channel?

18 A Yes, sir.

19 Q And were these people going to be partners with
20 you and General Secord in the Iranian market business?

21 A Yes, sir.

22 Q Now, would you please explain to me -- and I can
23 assure you the transcript doesn't really tell the story -- the
24 discussions that you had with the second channel people about
25 supplying them with medicine or medical supplies. You

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CAS-15

1 have testified to it, but I have read the transcript and I
2 still don't understand it.

3 A I believe this thing -- that the reason it is
4 confusing is because of my approach as a little guy in this
5 whole chain and the approach of the -- what I call the
6 principals.

7 Q Just tell us when did this subject first come up --

8 A I am coming to that. This subject of medicine
9 came up even prior to us starting the search for the
10 second channel. I always subscribed to approaching the
11 Iranians even during the time of the so-called first channel
12 on the basis of showing our interest in their country, showing
13 American interest in their country by helping them out with
14 medicine and doctors, helping them with the victims of the
15 war and so on.

16 So I started an effort personally with a channel
17 that existed and had nothing to do with a second channel,
18 and I believe I was shown some documents that were given to
19 the committees from our company in connection with the
20 medicine and so forth, a certain doctor, his name is on these
21 telexes.

22 I started this initiative of giving free medicine to
23 Iranians parallel with the activities of channel one. So that
24 sort of spilled over. It remained dormant and when we
25 started with the second channel, we threw that in as a

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CAS-16 1 sweetener.

2 Q What did you tell them, that you would sell them
3 medicine on credit?

4 A No, no, they knew all along that we had set aside
5 three pallets of medicine that was -- I believe it was
6 set aside [REDACTED], because I was told either by
7 General Secord or Colonel North that there were three
8 pallets packaged with [REDACTED] writing on it. [REDACTED]
9 [REDACTED]
10 [REDACTED]

11 So that was set aside to be shipped to them free of
12 charge.

13 Q And where were these pallets, where were you told
14 these pallets were?

15 A I got the impression that they were with the
16 manufacturers because when I was pushing for these pallets
17 to be shipped, I was told that the people were on vacation,
18 holidays, company holidays and so forth, and they just
19 couldn't do it.

20 My impression was that they were with the
21 manufacturers.

22 Q And so these pallets were going to be shipped by
23 the United States Government?

24 A No.

25 Q Well, who was paying for them?

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CAS-17 1 A I think it was a donation from the manufacturer --
2 that was my impression, that it was a donation from these
3 manufacturers --

4 Q To whom?

5 A From our group to the Iranians.

6 (Counsel conferring with witness.)

7 THE WITNESS: Mr. Liman, I was told that they were
8 donated by the manufacturers. That was my impression.


9 BY MR. LIMAN:

10 Q So you were told by either North or Secord that these
11 pharmaceuticals were donated by the manufacturers; is that
12 right?

13 A Yes.

14 Q And to whom did they donate them?

15 A My impression was that this was intended to be --
16 I may be speculating --

17 Q Were you told that these were donated for the benefit
18 of the 

19 A My understanding was that they -- from the same
20 line they managed to get three pallets to give it to the
21 Iranians.

22 Q When you say "they", you mean again General --

23 A The Government.

24 Q Well, who in the Government managed to get these?

25 A Colonel North.

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CAS-18

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Q And did you understand that the manufacturers were told that they were donating to Iran?

MR. JANIS: If you know.

THE WITNESS: I don't know that. I have no idea.

BY MR. LIMAN:

Q But didn't you start this line of testimony by saying that you understood that this was a donation that was intended originally for the [REDACTED] and then Colonel North or General Secord indicated that it could be used for the Iranian initiative?

A If I gave you that impression, I misspoke. I meant to say that it was a donation for the Iranians and it was from a shipment that was intended, or a line of shipment that was intended for [REDACTED]

Q But this wasn't a case of Colonel North diverting medical supplies from the [REDACTED] as you understood it as it was presented to you?

A That is not what I understood.

Q Did you discuss this with anyone else in the United States Government, Mr. Cave, for example?

A I don't recall having done that.

Q Did you have any sense of what the value of this shipment was?

A No.

Q When did you tell the second channel they could

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CAS-19 1 expect these supplies?

2 A I believe when I was left to repair the damages after
3 the discussions broke off between the American group and the
4 Iranians -- if I am not mistaken, it was at that time that I
5 threw that in.

6 Q At the time you were opening up the second channel?

7 A No, no. We were well into it.

8 Q When you say "when they broke off" --

9 A I am referring to the time when I came up with the
10 representative of the Iranians with the so-called nine
11 points. I believe about that time or maybe a week before
12 that.

13 Q Do you remember when the news broke that the United
14 States had shipped arms to Iran at the end of October,
15 beginning of November?

16 A You are talking about the time --

17 Q The Lebanese newspaper leaked the information?

18 A I believe at that time I was out of the country,
19 yes.

20 Q But you heard soon afterward --

21 A Yes.

22 Q -- that this had become public?

23 A Yes.

24 Q And that the White House was coming under some
25 criticism?

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CAS-20 1

A Yes, sir.

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1 Q Were you asked at that time to speak to the second
2 channel to see whether they could obtain the immediate release
3 of the hostages?

4 A Yes, sir.

5 Q Who asked you to do this?

6 A Either Colonel North or General Secord or both. I
7 don't remember.

8 Q Did they tell you this was important in order to
9 quiet the criticism that was being directed at the White
10 House?

11 A I don't know whether it was told to me in exactly
12 those words.

13 Q What were you told?

14 A I can tell you what was my impression.

15 Q Give us first what was the substance of, if you
16 recall it, of what you were told.

17 A The substance of what I recall was if these god-
18 damned Iranians would have kept their promise, none of this
19 would have happened.

20 Q And the promise was to deliver the hostages?

21 A The promise was to deliver two hostages, which I
22 have -- which I had continuously told them it won't happen.
23 I told them what my sense was.

24 Q You had continuously told Colonel North and Secord?

25 A And Secord that they could not expect more than one

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1 and that is exactly what happened. I had a good sense of
2 what was going on, and they ignored that.

3 Q Was it your sense that they didn't have control
4 over the other hostages or that they needed one in the bank?

5 A No, my sense was that they did have control over
6 the hostages if they could do certain things for the Lebanese.
7 They had ^{run} ~~ran~~ out of credit with the Lebanese. That was my
8 impression, and later on it proved to be right, my impression
9 was correct.

10 Q And did some of the things that they had to do for
11 the Lebanese depend on what we could do for the Iranians?

12 A What we could do for the Lebanese.

13 Q And what was it that we had to deliver to get the
14 hostages?

15 A To settle the problem of the Dawa prisoners with
16 Kuwait. That was really the heart of the problem.

17 Q And you made that clear not only to Colonel North
18 and to General Secord, but I assume to Mr. Cave?

19 A I told them that --

20 MR. JANIS: Just answer his question.

21 BY MR. LIMAN:

22 Q Yes, then you can tell me what you told them.

23 A Yes, the answer is yes, I told this to all the
24 three gentlemen that you mentioned.

25 Q And do I understand that the problem was that you

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1 were told by your Iranian contacts that the Hizbullah
2 was saying that if you want us to deliver, you have got to
3 get our prisoners back? Is that, in essence what it was?

4 A That is correct, but you see this is not what
5 General Secord, Colonel North and Mr. Cave were hearing. I
6 was hearing it. They weren't.

7 Q How can that be, that since you are reporting to
8 them that you hear it and they don't hear it?

9 A Because, as you very well know, the way the Government
10 of Iran is structured, there are a number of factions, and
11 I managed through one and two to create some sort of an
12 understanding between two groups back there and more. I was
13 communicating and listening to the person that was more
14 realistic and was not promising a lot and a person that I
15 have a lot of respect for. I didn't know this man from before,
16 and he called a spade a spade. He didn't exaggerate.

17 Then there was another person that apparently
18 knows American mentality better, and he told them what they
19 liked to hear, and that was easier to deal with than the
20 hard position that the other person was taking, the man who
21 indeed was involved with all these activities, a man that,
22 who risked his life by getting involved in this. I have
23 immense respect for this person because he really went out
24 of his way to get this thing going, and nobody wanted to
25 listen to him, because it was not pleasant. What he was saying

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1 was not what they wanted to hear.

2 Q Okay.

3 A So they listened to the other guy.

4 Q Let me move to another issue, and then I want to
5 come back to this issue of policy.

6 MR. JANIS: I think our lunch is here.

7 MR. LIMAN: This will be quick.

8 MR. JANIS: I know, but I just wanted you to know.

9 BY MR. LIMAN:

10 Q Remember, you were asked about the Codelis account.

11 A Yes.

12 Q Payments which were transferred to Codelis.

13 A Okay.

14 Q Do you know someone who works for the Republic
15 Bank by the name of Nancy Morabia?

16 A I have not met her, but, yes, I have spoken with
17 her.

18 Q Do you know whether Nancy Morabia was obtaining
19 cash to be disbursed at General Secord's instructions and
20 that the customer of hers who was providing the cash was
21 being reimbursed by these transfers to Codelis in Switzerland?

22 A If I remember correctly, I don't know Codelis, but
23 what you are describing I am familiar with the movement.

24 Q You are familiar that she obtained cash and that
25 there was a reimbursement in Switzerland.

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1 A Yes, it was not by instructions of Secord. By my
2 instructions.

3 Q It was by your instructions?

4 A Yes, sir.

5 Q What was the cash to be used for?

6 A For the contras.

7 Q And that cash was then delivered to couriers who
8 would bring it to Colonel North for the contras?

9 A To General Secord and sometimes I brought it myself.

10 Q And when you say it wasn't by the instructions of
11 General Secord, General Secord was the one who gave you the
12 request?

13 A Exactly.

14 Q Did General -- did Lieutenant Colonel North ever
15 make the request directly to you?

16 A No.

17 Q And so General Secord would make the request to you,
18 and then you would arrange it with --

19 A In whichever form that I could.

20 Q And then you would arrange it with her?

21 A Sometimes, yes.

22 Q And when --

23 A Earlier we testified about the \$9,500 --

24 Q That I know. I wasn't asking about the \$9,500.

25 A Yes, sir.

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1 Q One last question, and then let's take some lunch.

2 You have heard over the six-seven months that have gone by
3 since this whole thing became public the whole debate about
4 whether we are dealing with moderates or not moderates in
5 Iran. I would like to have a statement from you on the
6 record as to whether your view was that you could open the
7 door to Iran by identifying and dealing with "moderates"?

8 A The answer is definitely yes.

9 Q And explain, please.

10 A I believe that I understand the structure of the
11 Iranian Government reasonably well and how they operate. I
12 understood then, and I understand now the influence of the
13 different factions. I understood then, and it proved to be
14 correct, that there was a faction so-called the third faction
15 that was responsible for all terrorist activities and the engine
16 behind this third faction, he had covered himself in, under
17 the umbrella of a certain important person, which I would not
18 mention his name, an Iranian person.

19 But this man 
20 
21 followed a philosophy that the only way they could expand the
22 Islamic revolution was through terrorism, and outside of
23 that third faction, my understanding was and is that the
24 rest can truly be considered as moderates, with the exception
25 of the people that we were dealing with were moderate.

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1 In other words, I do believe that one can success-
2 fully reach agreement with any of these factions without
3 the influence of that third faction, which by now is brought
4 under control, [REDACTED] and so I --

5 Q There may be an issue of semantics here.

6 A Yes.

7 Q That, as you have used the term "moderate", you are
8 including in that term Mullahs and others and others who
9 publicly denounce the United States as Satan.

10 A Yes, I do, yes.

11 Q And you are including religious fanatics?

12 A I am saying that the religious fanatics have no
13 control over the foreign policy of Iran, and I am also saying
14 that statements that they make is out of lack of sophistication
15 in their technique of thinking that they can outwit the United
16 States. They are not that experienced.

17 MR. LIMAN: We will take a break.

18 (Whereupon, at 1:00 p.m., the Select Committees
19 were recessed until 1:35 p.m. the same day.)
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AFTERNOON SESSION

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2 Whereupon,

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ALBERT HAKIM,

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resumed the witness stand, and having been previously duly
sworn, was examined and testified further as follows:

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BY MR. LIMAN:

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Q Let me just ask you, Mr. Hakim, is there anything
more that you recall about the efforts that you made through
Mr. Zucker for the benefit of the North family? You have
testified to the fact that Zucker met with Mrs. North in
Philadelphia, you testified, as I recall it, that Zucker did
not report to you any of the details after that meeting, you
testified about the discussions about trying to have Mrs.
North employed by someone in the real estate business,
you testified about the fact that Zucker was supposed to
talk to Mrs. North about her family structure and whether
money could be passed that way, and you testified this morning
that to the best of your knowledge no money was actually
passed to the North family.

20

Is that a fair paraphrase?

21

A That is correct.

22

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Q Is there anything more that you can tell us on that
subject?

24

A I think that fairly covers it.

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MR. JANIS: Can we have a moment?

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1 (Witness consults with his attorney.)

2 MR. LIMAN: You also --

3 THE WITNESS: In this area, that you ask me
4 questions of anything else, you are talking about actual
5 events that took place that I know or you want me to speculate?

6 BY MR. LIMAN:

7 Q Well, I will take first what you know, and if there
8 is something else you have to add, I want it, because I must
9 say that the record, as I read it now, is that you planned to
10 try to get some money to the North family for the education
11 of the children and for death benefits, but that you are vague
12 on whether you discussed it with North, and it looks like
13 there is a lot of activity going on behind Colonel North's
14 back except for that contact with his wife, and I have
15 difficulty understanding how that can be, how it can be that
16 you would do these things and not talk directly to Colonel
17 North or have Second talk to him and report back to you.

18 A For a number of reasons. It has to do with me,
19 and it has to do also with the structure. I explained earlier
20 in a different context how we three operated. It was not a
21 situation that we caucused, the three of us, for anything. I
22 may be exaggerating when I say anything.

23 For instance, when we were talking about the second
24 channel, we did talk about it. But in the area of your interest
25 there was never a situation that I sat down with Ollie and

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1 Richard and said, "Okay, this is for you, this is for you,
2 and this is for me" -- never such a thing occurred.

3 And the things that -- the activities that you see
4 happening, as you put it, "behind North", and I didn't talk
5 to him about it, I say it has to do with me. I have a lot
6 of experience dealing with government officials. I like to
7 stay away from them as much as I can.

8 Q You couldn't do that in Iran.

9 A Pardon me?

10 Q In your career in Iran, you couldn't stay away from
11 government officials, as you testified.

12 A That is how I learned. You see, I knew what was
13 acceptable there and what was acceptable here or not accept-
14 able here in the United States. I -- because of my experience
15 in Iran and because when I came to live here, and I became
16 witness for the government in the case of Olin, I went
17 through a whole lot of exercise in becoming --

18 Q Americanized?

19 A -- becoming acquainted, yes, Americanized and
20 becoming acquainted with the ethics of the United States, so
21 I knew that was a no-no, and I didn't want to have anything
22 to do with it.

23 Q But you did have something to do with it, Mr. Hakim,
24 you did send Zucker to speak to Mrs. North, correct?

25 A Yes.

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1 Q And he was trying to find a disguised way to make
2 payments for the --

3 A That I testified about.

4 Q Yes, you did.

5 -- for the benefit of the children, is that correct?

6 A Yes.

7 Q And is there any doubt in your mind that if
8 Zucker contacted Mrs. North that Oliver North would know who
9 was sending Zucker?

10 A I would have found that maybe it would have taken
11 time, but eventually I would have found it impossible for him
12 not to know.

13 Q So given that, those sets of -- that set of facts,
14 you know the question just sort of leaps out, why did you not
15 talk to him about it openly?

16 A Because he, for one thing, he will never trust me.
17 He didn't have that much contact to sit down and talk to me
18 about such things.

19 Q But couldn't he have cut you out of further dealings
20 with Iran if he felt that this was improper, what you were
21 trying to do? Mr. North -- let me put it this way -- Colonel
22 North could have said, "I don't want Hakim involved any more
23 in any of our Iran Initiative."

24 You understood that, correct?

25 A Yes.

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1 Q And you understood if Colonel North had said that
2 to Secord that Secord would have had to abide by that?

3 A That is also correct.

4 Q And, therefore, when you sent Zucker to see Mrs.
5 North, did you have a concern that Colonel North might become
6 upset by that?

7 A Absolutely not.

8 Q And was that because somebody said something to you
9 that this would be not poorly received?

10 A That was not the spirit at all, Mr. Liman, not at
11 all.

12 Q But you had a discussion with General Secord in
13 which he said \$500,000 was too much, right?

14 A Yes.

15 Q Then he told you that \$200,000 was something, or
16 at least he didn't object to \$200,000 being set aside, correct?

17 A Yes.

18 Q And that was when you were talking about a death
19 benefit, correct?

20 A Yes.

21 Q Were you also talking about using the interest at
22 that time to help the North children get through school?

23 A Yes.

24 Q And was it a fact that General Secord had not
25 objected to the \$200,000 that led you to believe that North

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1 would not become angry at the fact that you have Zucker speak-
2 ing to his wife?

3 MR. JANIS: Just a moment.

4 (Witness confers with his counsel.)

5 THE WITNESS: Can you break down your question?

6 BY MR. LIMAN:

7 Q Let me just try to give it to you this way.

8 A Can you get to the bottom line? That is easier
9 for me to deal with.

10 Q I think it is easier, and I will do that.

11 A That is my style.

12 Q I understand that, and I understand you are looking
13 for what the meaning is in all of these questions.

14 A Because I want to get to where I want to go.

15 Q There are 26 Members of Congress on this panel,
16 the two committees. I think that if somebody who is doing
17 business with the committees were to approach their wives and
18 offer to put their children through school, every single one
19 of them would become outraged. You can understand that.

20 A Yes.

21 Q Yet even though Oliver North was important to you,
22 you sent somebody to speak to his wife to offer to provide
23 some financial assistance, correct?

24 A Yes, sir.

25 Q How is it that you were not concerned that Oliver

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1 North would not become outraged and immediately cut you out
2 of these transactions?

3 A I understand absolutely what you are saying. It is
4 a very important issue.

5 Q All right.

6 A It definitely didn't occur to me that way. It
7 could have had the risk that if he would have become outraged,
8 he would have thrown me out of the team, and then I find my-
9 self to be -- I am thinking out loud -- to be very perceptive.
10 It is very possible that, without having had any meetings, as
11 you refer to, I might have gotten the impression that he
12 would not be outraged; therefore, I didn't sense any risk and
13 went ahead with it, but I do not recall any direct arrangement
14 to set up such a benefit program for North, his family or
15 North. There was no such -- I have become sensitive to the
16 issue that you are raising, Mr. Liman. It is a valid one.

17 Q You want to think about it?

18 MR. JANIS: Excuse me.

19 (Witness confers with his counsel.)

20 BY MR. LIMAN:

21 Q Go ahead.

22 A What I am trying to conclude is that it appears
23 that through a period of operation I was led to believe, as
24 a result of my contact with Richard, that, you know, after
25 all, I did pass this one by Richard, and if Richard did not

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1 object to it to me, automatically it meant that Ollie would
2 not object, but this is not what went through my mind when it
3 occurred, Mr. Liman.

4 When you are presenting it so brightly, this issue
5 now, and I am trying to go back to the time that these things
6 happened, the sense of it was that if Richard, if I tested
7 the case with Richard and Richard did not object, Ollie would
8 not object. Do you follow what I am trying to say?

9 Q I understand that.

10 Now, did someone tell North that Zucker was going
11 to be calling his wife?

12 A I would find that very strange if Richard did not
13 call North and tell him that such a thing was happening,
14 although we didn't discuss it.

15 Q And you didn't discuss with Secord that he should
16 call North and tell him?

17 A Right.

18 Q But you did tell --

19 A I don't believe in miracles.

20 Q But you did tell Secord that Zucker was going to be
21 getting in touch with his wife, correct?

22 A Yes.

23 Q Now, after the conversation between Mrs. North and
24 Zucker, the effort continued to find a way of getting the
25 money to the Norths, correct?

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1 A Yes.

2 Q So that whatever happened at that meeting between
3 Zucker and North did not cause you to shut this down.

4 A Absolutely correct. But you do understand that I
5 am not hesitating because I am trying to protect North. I am
6 hesitating not to speculate more than what I know and more
7 than actually what happened. I want to be very, very precise.

8 Q Well, the question that will be on the minds of
9 some people is whether you were trying to compromise North
10 so that you would have some leverage over him.

11 A I don't think so. I rely heavily on my own
12 competence and contacts. I really did. And I ^{will} do. That
13 has been my strength; even now I am going ahead without any
14 North or ^{other} similar to him, or Richard, or the support of the
15 U.S. Government. I have established a workable legal com-
16 mercial network with Iranians. It is already producing. I
17 don't think that was my motivation. I am a good marketing
18 man, Mr. Liman. I can penetrate any market if I set my mind
19 into it.

20 Q Was it your motivation, in putting North's name on
21 the so-called will, to compromise him?

22 A No. That was not my intention, no.

23 Q Let's go to the medication. I thought I read in your
24 prior testimony when I wasn't here that you testified that
25 there were some discussions with the Iranians about selling

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1 them the medicines on credit. Am I imagining that?

2 MR. JANIS: Mr. Liman, I am not vouching for the
3 fact that I didn't miss something, but I don't recall any
4 such testimony. I do recall Mr. Hakim produced some telexes
5 which were part of Deposition Exhibit 7, I recall.

6 THE WITNESS: I believe I know what Mr. Liman is
7 asking.

8 MR. JANIS: Let's look at Exhibit 7. Do you have
9 Deposition Exhibit 7 in front of you?

10 MR. LIMAN: Do you have ??

11 MR. HOLMES: Yes.

12 MR. JANIS: There are some telexes there that deal
13 with the medicine.

14 BY MR. LIMAN:

15 Q Did you have any discussion with the second channel
16 people about selling pharmaceuticals to them?

17 A No, sir. If you refer to one of the items of the
18 nine points, that's very evident.

19 MR. JANIS: It is in the Farsi document, but it is
20 also part of Deposition Exhibit 7.

21 Q Have we ever had you explain what the nine points
22 were?

23 A We never got to that.

24 Q Why don't you tell us what the nine points are?

25 A That is the heart of the whole thing, and nobody has

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1 beeh in any -- may I ask you first a question?

2 MR. JANIS: Can we go off the record, first?

3 MR. LIMAN: Sure.

4 (Discussion off the record.)

5 BY MR. LIMAN:

6 Q Let's go into the nine points^t and get this story
7 on the record.

8 A Let me first, if I may, answer your question about
9 the sale of pharmaceuticals through the second channel. This
10 item 2 of the nine points, which I will go into shortly,
11 very clearly says that medicines will be given to them as a
12 present.

13 Q Now you can tell us about the nine points. When
14 were they developed?

15 A It has a date on it.

16 MR. JANIS: Read them this line here.

17 THE WITNESS: It starts out, the 16th of the 7th --
18 I am not sure. It is written, by the way, by the real McCoy.
19 It is not any of those -- this is the result of my discussion
20 with the person that I referred to as the one who risked his
21 life getting involved in this, a man who risked his life
22 getting the third faction out in the open, and this is the
23 man who called a spade a spade, and nobody wanted to listen
24 to him.

25 MR. LIMAN: Off the record a moment.

(Discussion off the record.)

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BY MR. LIMAN:

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2 Q This, you say, was written by the real McCoy?
3 A This is the real McCoy. He was ^eferred to by the
4 McFarlane group as the monster, that he called a spade a spade,
5 and he never misled the Americans.
6 Q When you say he was referred to by the McFarlane
7 group as a monster, was he a person the group had met with?
8 A He was there, yes, in Tehran and he was present in
9 the military group.
10 Q In Frankfurt?
11 A In Frankfurt.
12 Q Which was the earlier meeting?
13 A Yes.
14 Q When did he draw the nine points?
15 A I refer to this man as the engine and the heart of
16 this. He was also the man that --
17 Q We know who we are talking about --
18 A Yes.
19 Q I understand who you are talking about. We will
20 call him the engine.
21 A The engine. He was also -- he is also the same
22 gentleman that I earlier testified when I was asked to arrange
23 a meeting between the State Department and the Arabians, he is
24 the man in December who met with them. So this is the --
25 It says 16th of the 7th. I don't know whether it is referring

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Iranian dates or -- I just can't remember now -- if that meeting took place in July, this is the 16th of July, or it could be their Iranian calendar.

Q I think it is the fall. So 16th of 7th, so we have to see.

Q I can get the dates if you will tell me who was at the meeting.

A Just he and I, two people -- The Engine and I -- it says resolution between us, meaning the Iranians and Hakim, 16th of the 7th, evening throughout the night. And this occurred after several days of discussions with the -- between the two delegations and it failed.

And Oliver North left, and he told me that I had six hours to either shut this channel off or come up with something acceptable, because in six hours when he landed in Washington, he had to report to the President. In those words. And that is why The Engine and I sat down and worked real hard and Richard had to attend a business meeting that we had in Europe with the understanding that he would come back early next day to see what I have achieved so we could communicate that to North.

I will come back to the nine points briefly. When I reached this agreement with The Engine, I called Fawn and she told me that -- Ollie had called from the airport and was on his way to the office. And I called again and I talked to

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1 Ollie. I did not have the KL-43. I could not compromise our
2 telephone conversation. I tried to talk to him in riddles
3 and he couldn't understand it, especially when I said we have
4 agreed on one and a half hostages, he thought I was drunk.

5 I said, Ollie, all I want you to do is delay your
6 report to the President until Richard gets here and I go over
7 this with him. We will send you a KL-43 message. He agreed
8 to that. And this is exactly what we did. Next day when
9 Richard came, we went over this and we sent a message.

10 To back up and tell you how this thing was created,
11 during the discussion that we had with the Iranians, Ollie
12 presented the so-called -- the US proposal, the seven points,
13 and they could not reach an agreement on this. So this was
14 left with me, and I believe you have the original of it,
15 which I provided as part of the documents that were subpoenaed.

16 And I redefined the seven points into nine points,
17 which if anyone should take the seven points and compare it
18 with the nine points will see that I made the position of the
19 U.S. side more flexible and more critical -- or rather, excuse
20 me, less committal than the seven points. And that came as
21 a result of my trying to fill in the gap, not as a translator,
22 trying to -- trying to make them understand what the Americans
23 are after and for me to understand what the Iranians were after.

24 So we reached that agreement -- if you want me to
25 go over this --

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1 -- Q Yes sir, I would like you to go over this.

2 A By the way, I gave a copy of this -- that is very
3 important -- to George Cave in the Pan Am Club in Frankfurt
4 Airport as he was getting ready to leave for the United States
5 requesting him to get this translated and get it into Ollie's
6 hands. I don't know whether it ever got there or not. That
7 is even prior to sending the KL-43 with the help of Richard
8 Secord.

9 The nine points read that the Iranians, if willing,
10 will pay the money for the 500 "Tous" -- they referred to Tows
11 and "Tous" -- the Iranians would pay for the 500 Tows and
12 if willing, for the Hawk spare parts, which has remained
13 ~~unsettled~~ ^{unsettled} from previous agreements to Mr. Hakim.

14 I don't want to beat my own drum here. I am trying
15 to give you information that hopefully it will be used in the
16 future attempts, because sooner or later there should be an
17 attempt between these two nations to try to get together, and
18 personal trust is extremely important.

19 So specifically, although they recognized that I am
20 not a government official, they recognize that I am a business-
21 man -- and that was discussed repeatedly in the September
22 meeting and the following meetings -- that I was there to make
23 a profit -- but still they said that the money would be paid
24 to Albert Hakim. And in parenthesis that says, by the way, "the
25 payment for the shipment of 500 Tows through the second

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1 channel, they gave me a blank check. They signed it, I filled
2 in the check.

3 Q The money for the Hawk parts would have had to go
4 to reimburse Mr. Ghorbanifar?

5 A No. There is no -- the second channel did not
6 approve of Ghorbanifar, did not want to have anything to do
7 with Ghorbanifar.

8 Q But the U.S. Government had already been paid for
9 those Hawk parts, right?

10 A I don't know.

11 Q If we are talking about the Hawk parts that were
12 delivered in May and then in the summer of '86, the U.S.
13 Government had been paid, but Iran had not fully paid
14 Ghorbanifar, who in turn had not fully repaid Khashoggi. So
15 what would you have been doing with the money for the Hawk
16 parts?

17 A This is totally independent, or my understanding
18 was totally independent of Ghorbanifar's activities.

19 Q Go on.

20 A If you are suggesting that the Americans were going
21 to get paid twice for the same thing, that I don't know, but
22 that was not the understanding of the Iranians. The Iranians
23 did not know that they had paid for it --

24 Q Well, they hadn't paid. Ghorbanifar and Khashoggi
25 had paid.

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1 -- A With that group they didn't want to deal.

2 Q You didn't discuss with the Iranians that it was
3 Ghorbanifar and Khashoggi who were screaming for their money?

4 A Absolutely not. This has nothing to do with that.
5 There was a different occasion that I tried to convince the
6 Iranians, not related to this agreement, to pay Ghorbanifar
7 to keep his mouth shut so he would not become a liability.
8 That was a different effort, nothing to do with this. But
9 this is --

10 Q You gave me point 1. Let's go to point 2.

11 A Point 2, nine working days after the first event
12 the military supplies would be given to the Iranians. No,
13 nine working days, 500 additional Tows and the Hawk parts, if
14 Iran were to accept, together with the medicine that would be
15 gift, will be delivered to Iran.

16 Q So these were additional Hawk parts?

17 A Yes. The total, I believe -- the total number of
18 Hawks that they were supposed to send to them was either
19 2,500 or 2,000. We will get to that.

20 Item 3, Albert will come up with a plan for the
21 release of the 17 Kuwaitis prior to execution of item 4
22 following

23 Item 4, one and a half hostages -- in parentheses,
24 one definitely, two -- the Iranians would exert their utmost
25 to release the second one. And here it was -- this is the

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1 issue that I earlier testified about.

2 Q About the one and a half -- one and a half meant
3 that one definitely and two there was a 50-50 chance?

4 A No, it is more specific than that. They would
5 exert a lot of pressure and it refers now to release of the
6 American hostages from Lebanese, and there was a reason that
7 they are referring here to Lebanese, because of the commitment
8 they had to the Lebanese with regard to the 17 prisoners.

9 Q But the reason -- what was the reason that you
10 used the term half?

11 A It says one, one-half -- in parentheses, one
12 definitely, two -- they will do their ^{utmost} ~~utmost~~, and insist --
13 that is representing the half.

14 Q Go on.

15 A It is very important, the Iranians want to agree on
16 one; the Americans wanted two. I came up with a solution --
17 why don't we cut in the middle just negotiating, and a half,
18 and that is the way we are going. I explained item 4.

19 Q Read it again.

20 A That was item 4 has the one and a half.

21 Item 5 refers to the method of payment for the
22 future procurements of the Tow missiles and here it says,
23 Albert and -- they refer to the relative -- will come up with
24 a solution based on establishing a letter of credit. By
25 tomorrow night. And then there is a mark in here and a mark

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in here, and I did sit down with [REDACTED] and we did come up with a solution as to how a letter of credit would be established, because we have had difficulty in operating the way we have been operating for payments.

This is for 400 Tows and 100 launchers and has the deliver date, to be delivered four days after completion of item 4. And Iran will continue to pay the money for 1500 Tows, and in parentheses they requests 1500 mines. To deliver 500 plus 1,000 to be delivered later.

And then it gives the time for the 1,000 to be nine days after the date shown above.

Six, Americans will provide technical and logistical support for the Hawks. In parentheses parts -- or materials rather -- and know-how, and updating their military intelligence and the maps and establishment of a communication, special communications system between the two countries, a secure communication. And also providing them with the price and the time of delivery of an item -- of a list that was presented by [REDACTED] -- eight items, to the best of my recollection -- there were eight items that they wanted, different kinds of weapons and parts.

Seven, before return of that gentleman to Tehran, there will be a discussion regarding the 17 prisoners and the method -- the method that they would be released, and this method will be discussed with Secord, because I told them that

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1 I am not a politician, I don't know what in the hell is going
2 on. I have to wait until Secord gets back. I am talking with
3 him. And you see here marks, it comes down here and this is
4 -- it says after I talk to Secord and that gentleman regarding
5 the Lebanese prisoners.

6 We agreed on the verbage to be added to the same
7 item in the seven points of Ollie. And the verbage is here.

8 Item 8, Iran will start its efforts for creating
9 the situation for release of all hostages -- all hostages.
10 It did not limit to Americans.

11 Q To two --

12 A To Americans.

13 Q Not limited to Americans?

14 A Not limited to Americans.

15 Item 9, steps will be taken to deliver items
16 stipulated in Article 6. And that was the nine points.

17 Q Article 6 was of the --

18 A Support and parts -- Article 6 --

19 Q Was it Article 6 of North's proposal, which is
20 Buckley's body --

21 A No.

22 Q Article 6 of North's proposal refers to things that
23 are not in your points?

24 A We eliminate all that. No, I am talking about
25 Article 6 of this agreement.

Q And is it signed?

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1 A No.

2 Q Is that the nine points?

3 A Yes.

4 Q What did the nine points represent, an agreement or
5 a proposal?

6 A This is what the Iranians agreed to do, and later --

7 Q Who did they agree with?

8 Who was it an agreement between?

9 A This was prepared by this gentleman and I in the
10 form of a proposal. It was completed after we put in there --
11 there is another sheet that I don't know if I had that or not,
12 that was the method that the 17 hostages, prisoners would be
13 released, and then this was given to Richard as the new
14 proposal and was passed on on the KL-43 to Ollie and Ollie came
15 back and said accept it. So finally, this proposal was agreed
16 between Ollie and this gentleman.

17 Q Did North authorize you to negotiate this as a
18 proposal on behalf of the U. S.?

19 A He gave me his seven points.

20 Q And he told you to see whether you could get them
21 or something close to them?

22 A Close to them, and I came up with these nine points.

23 Q And you then submitted the nine points to North?

24 A And he agreed.

25 Q And the Iranians understood you didn't have the

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1 power to bind the U.S.?

2 A Yes.

3 Q I understand your prior testimony to be that you
4 always made it clear that you were a private businessman in
5 it for profit?

6 A That is correct.

7 Q And you were interested in opening the door to Iran
8 not only for better relations but for commerce?

9 A Correct.

10 Q You then presented this proposal, which was your
11 effort to get as much as you could of North's seven points to
12 North, correct?

13 A Right.

14 Q And how soon after North got this on the KL-43 did
15 he communicate back to you that it was accepted?

16 A Right after -- I would say within -- I cannot recall
17 exactly but within hours.

18 Q And how did he communicate it, by KL-43?

19 A By then Secord was there. I discussed with him the
20 issue of the 17 prisoners and added that to the nine points.
21 He passed it on -- from there on Richard was in contact with
22 Ollie.

23 Q Mr. Hakim, did North tell you who he cleared this
24 with?

25 A I was under the impression he cleared it with the

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1 President.

2 Q Did North purport to have direct access to the
3 President?

4 A Yes.

5 Q Did he tell you that he had cleared it with
6 Poindexter as well or just the President?

7 A My understanding was he had to do with both, but he
8 had to do it.

9 Q He had to do it, meaning --

10 A Oliver North, with Poindexter and the President.

11 Q While we are on the subject of the President, did
12 Oliver North ever tell you that he had told the President of
13 the United States that any of the money from the Iranian arms
14 sales were going to support the contras?

15 A My -- I don't recall if he told me in those words,
16 but it was well understood that this was a new source of funds
17 for the contras.

18 MR. JANIS: His question was did he tell you that
19 he had told the President?

20 THE WITNESS: I said he didn't tell me in those
21 words, but he did tell me -- he gave me the impression to
22 believe that the President knew that this was a new source of
23 supporting the contras.

24 MR. JANIS: What did he say that gave you that
25 impression?

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1 You don't mind if I try to --

2 MR. LIMAN: No. You have obviously gone over this
3 with him and he has told you about this in the past, so it is
4 helpful.

5 THE WITNESS: He told me that -- I am trying to
6 remember whether he told me or Richard told me -- that some of
7 the Ayatollah's money was to be spent for the contras, that is
8 the context -- no, I remember now -- Richard Secord told me,
9 "Ollie is crazy. He has told the President that he is going
10 to use the Ayatollah's money to support the contras."

11 BY MR. LIMAN:

12 Q And when did Richard Secord tell you that?

13 A Mr. Liman, I honestly can't remember but I remember
14 the fact that he said he is a genius or he is crazy, or both.
15 He said words to the effect -- I think he said both, he is
16 either crazy or he is a genius. Many times he said either he
17 would go to jail or become decorated.

18 MR. JANIS: As best you can recall.

19 THE WITNESS: The best I can recall is my under-
20 standing was that he had told Richard that the President knows
21 and Richard told me.

22 BY MR. JANIS:

23 Q Now, after North told you that these had been
24 accepted, what happened?

25 A I believe -- if I don't have my dates again screwed

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1 up.-- I believe the shipment of 500 Tows occurred after that.

2 Q The 500 Tows were shipped --

3 A When did they make the payment of the \$5,600,000?

4 Q That was one I believe in October.

5 Since I can't read the Farsi date on the nine
6 points --

7 A I believe you have the date. I think that is what
8 occurred after that.

9 Q That the 500 took place. Were the nine points --
10 MR. JANIS: Just a second. For the record, the
11 money was paid on October 29, 1986.

12 THE WITNESS: Do you know the date on the seven
13 points?

14 MR. JANIS: No, but the money was paid October 29th.
15 The money was paid by the Iranians on October 29th.

16 THE WITNESS: It was cleared, went into the account
17 or took a few weeks? After the 25th?

18 MR. LIMAN: Lou, do you have the dates of the last
19 500 Tows?

20 MR. ZANARDI: It was November --

21 MR. LIMAN: November 2.

22 THE WITNESS: Here. You see this letter from the
23 bank in German referring to the \$3,600,000, October 24th.
24 That is part of the deposition.

25 MR. JANIS: That is Deposition Exhibit 7.

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THE WITNESS: That is either the day before that or the same day. I received the \$3.6 million check.

BY MR. LIMAN:

Q Now --

A And left it with the bank. Once it was cleared and we received the money in our account, that was when -- and we paid the CIA, that was when the 500 Tows were shipped. So this -- so the answer to your question is after the nine points we shipped the 500 Tows. Item 1 was fulfilled without including the Hawk parts into it.

Q Was the nine point proposal ever reduced to a written agreement signed by any representative of the U.S. and the Iranians?

A Not when I was present. And I would find that very, very unusual for Iranians to put their signature down on a piece of paper at that time. There were subsequent meetings, by the way, to follow up on the other items of the nine points.

Q And did you participate in those meetings?

A Yes.

Q And with whom?

A The same group -- Cave, North, and Richard, and the same group of Iranians and myself. This time I think it was in Geneva.

Q And do you recall when the last of those meetings

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1 occurred?

2 A If I am not mistaken, it was the last of those
3 meetings was in late October. I believe it was in late
4 October.

5 Q Before the 500 Tows were shipped?

6 (Counsel conferring with witness)

7 THE WITNESS: I would like to correct myself. It
8 must have -- it must have happened by mid-November.

9 BY MR. LIMAN:

10 Q That was what I thought.

11 And when was it that you were told to have nothing
12 further to do with this initiative?

13 A That was, I believe, in December, late December.

14 Q And who told you that?

15 A Cave.

16 Q And --

17 A That was in Frankfurt.

18 Q And before that, did you meet with a representative
19 of the State Department?

20 A No. What happened, George Cave asked me -- he said
21 we are going to be out of this. There is one last request,
22 and if I would be kind enough to arrange a meeting between the
23 Iranians and the State Department representative. I said I
24 didn't mind doing that. I arranged for the meeting.

25 Q The meeting with Engine?

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A Yes. And then by this time, everything was revealed --

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Q Where did the meeting with Engine and the State Department take place?

4

5

A When?

6

Q Where?

7

A In Frankfurt. And I had my attorney, Mr. Janis, with me.

8

9

Q Were you present at the meeting with the State Department and Engine?

10

11

A I said I would participate only if I could have my attorney with me, and Mr. Dunbar did not accept that.

12

13

Q Dunbar of the State Department?

14

A Of the State Department.

15

(Counsel conferring with witness)

16

THE WITNESS: You do understand that he did not have objection for me to participate if my lawyer did not participate.

17

18

BY MR. LIMAN:

19

20

Q He didn't want your lawyer to be present?

21

A Yes.

22

Q So you did not participate?

23

A Directly I did not participate but the Iranians came back after the meeting and they had very, very unkind words to say about the capability and attitude of the State

24

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1 Department. Which at one point needs to be discussed, in my
2 opinion.

3 Q Okay, Mr. Hakim, when we talked about the
4 pharmaceuticals, you were talking about the -- these nine
5 points and about the fact that they were going to be donated,
6 and we have been through that this morning and this afternoon.
7 Do you remember at one of your first meetings with the second
8 channel in July of 1986, the subject of pharmaceuticals came
9 up?

10 A It is possible.

11 Q Do you recall at that early stage talking about
12 selling pharmaceuticals at cost or on a credit basis with a
13 year to pay?

14 A I think there is a mixup there.

15 Q This would have been a meeting on July 11, 1986?

16 MR. JANIS: Is there something you can show him to
17 refresh his recollection?

18 MR. LIMAN: I would be happy to except it is
19 probably classified, and even though he was at the meeting.
20 It was a meeting between you and a man by this name. What
21 is a good code name for him?

22 MR. JANIS: He was referred to earlier as Number
23 One, wasn't he?

24 THE WITNESS: Yes, you had his name.
25

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BY MR. LIMAN:

Q We talked about him earlier. He was Number One on a piece of paper I showed you. Do you recall a meeting between Number one and yourself on July 11, 1986?

A I don't know what the document is that you are looking at. This has nothing to do with any of the channels. It has to do with my initiative. This is what I started to tell you earlier, that my approach was very different in approaching the Iranians. My approach was -- that has to do with these Telexes. That has to do with totally different segment of the Iranian network, which is based in, if I am not mistaken -- where were these telexes from?

See, this group, Mr. Liman, deals with all the military procurement of the --

Q This group, meaning Number one?

A No, no.

MR. JANIS: The group referred to in the Telexes.

BY MR. LIMAN:

Q The group referred to in the Telexes which were marked as exhibits?

A Yes. They have nothing to do with channel 1 or channel 2.

Q But you somehow ended up talking to Number One about it?

A Yes. Person Number One and I started totally an

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independent approach towards the Iranians, and that was to create a line of credit for them and sell them medicine at cost or even get donations and start a good will between the two countries.

Q Was this a step by you in trying to get to channel 2?

A Yes.

Q And it ultimately led to channel 2?

A Yes, exactly.

Q And it led to the meeting ultimately with Engine?

A Exactly. But had nothing to do with part of the negotiation of the two formal delegations.

Q I understand you, that you look upon the negotiations with channel 2 as being those negotiations that took place between the American delegation and Engine and you and Engine, correct?

A Right.

MR. LIMAN: Can we make a few minutes break?

(A short recess was taken)

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MR. LIMAN: Okay, go ahead.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. HOLMES:

Q Mr. Hakim, my name is Cameron Holmes. I am going to be doing a little bit different method than what we have been doing in the past, and what I am going to do, what I am driving at, so you will know in advance, is to develop the record primarily for the members, so that they can -- this is our way of communicating to the members what evidence you have, so that when they question you, they will have a background.

It is also a way of providing a record for the report that we are eventually going to be preparing, and I tell you that because some of the questions I will be asking you will be related to theories of the case or portions of the case that you may disagree with or not have knowledge of. I am testing those things against your knowledge so that we can either affirm or discard those types of things.

A Okay.

Q The first thing I would like to clarify because I, myself, was enlightened and I am sure that some of the members will be too, to have a little bit better picture of what it is that you talk about when you referred the other day to this important idea that you wanted to get across about the Iranian commercial thought process.

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jm 2

1 To refresh your recollection, it was in the
2 context of one of the Iranians had mentioned to you in an
3 aside that he wanted to get a message to the President and
4 you took him to mean that he wanted to make some side of
5 side commercial transactions with the President, and you
6 said that it is very important that we understand the
7 the thought process, the method that this person was
8 representing when he did that.

9 Now is your opportunity to explain that in
10 a block-by-block method so that we can lay that out.

11 A Okay. This basically goes back to the upbringing
12 of the people in that region of the world, Iranians included.

13 As a child, when you bring them up, we don't
14 communicate the way we communicate with our own kids here.
15 As a baby, if you drink this water, I am going to give
16 you this coffee, if you don't do that, you will be -- I
17 will do this.

18 So, the structure of the mind as a child is that
19 there is always a give and take, there is always a trade.

20 Q I understand.

21 A Okay.

22 Q Go ahead.

23 A So that is -- if you put that together, but also
24 with the other element that they believe in a central
25 power. At home the facilitator is the central power in the

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jm 3

1 family. In the government, in the previous regime, the
2 Shah was. Now this could mean I -- whether he has the
3 power or not, that is irrelevant, but they like to relate to
4 a central power.

5 They see us in the same way and manner, that
6 we are prepared to give something in order to take something,
7 and there is a central power in their eyes -- the President --
8 that can make the decision. He is the President.

9 He is just like the Shah. They are not aware
10 of our system and that causes a lot of unhappiness, and that
11 was the point that I was trying to raise in my role, and that
12 was to make the Americans understand that you -- Iranians are
13 what they are---

14 Q I gather this translates itself into patterns
15 of commercial behavior that you find to be different than
16 the traditional American patterns of business behavior;
17 would that be true?

18 A That is true.

19 Q How would you describe the Iranian patterns
20 of business behavior that differ?

21 A They are less sophisticated; they are more bottom
22 line; they see what is in it for them; and they like to find
23 out what is in it for the other party, and what they can
24 do to get the most out of it.

25 They are very basic. In particular in this

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jm 4

1 current generation of the Iranians who are all young people.

2 That is it---

3 Q Let me test an idea against you and you tell me
4 whether this is a fair depiction or not.

5 I am told that in the Iranian procurement business,
6 in other words, if I am a person with money in Iran that needs
7 to buy something outside of Iran, then I would be less likely
8 to have a filtering system comparable to, say, the Pentagon
9 in the United States, filled with people who are relative
10 experts on the subject, who can determine what is good
11 and not good, what is a good price and what is not a good
12 price, so that I would be likely to rely on personalities?

13 A Very correct.

14 Q And relying in that sense on personalities, I
15 would look to a person that I knew and perhaps he can find
16 somebody who was expert in the field that he trusted, and he
17 might reach out to that person; would that be accurate to say?

18 A That would be very correct. That is very clever
19 observation, Mr. Holmes. In other words, the theory is not
20 what you know, it is who you know?

21 Q And there is an economic reason for that in that
22 not having a middle class of experts but having a fair
23 amount of money, at least in the days of good oil prices,
24 and import of Western technology, and Western high-tech
25 industry, I would be forced to rely on the people that I
knew?

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jm 5

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A That is correct. Trust plays an important role.

Q I gather that that was the way that you made your business in the MCI days in that you had some expertise and you had the trust of people who needed that expertise desperately?

A That is correct.

Q And, therefore, were able to act as something of a guarantor of a deal, in other words, they would buy something on your representation that was a good deal and it was the proper equipment; you were personally responsible for that to happen?

A That is correct. But it got to a point towards the end of the previous regime, it got to a point that a new class of people, small but still they were there, became into existence, that they started to follow the -- what I call, what they knew rather than who they knew.

They started to deal with substance themselves.

Q So there was the beginning of a technocrat class.

A Right.

Q I bring this up by way of example, there was a law suit in which you testified in the Olin case which you have mentioned earlier in your deposition?

A Yes.

Q I gather that the way that those deals were structured in the Olin case would pretty much exemplify

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jm 6

1 what we are talking about?

2 A Very much so.

3 Q You had contacts and they had contacts, and their
4 contacts had procurement authority---

5 A Who is "they"?

6 Q Their contacts would be the procurement authority.
7 I can put it into specifics. You were working as an agent
8 for Olin, right?

9 A Olin and Winchester, two different divisions.

10 Q Two different subdivisions---

11 A Dealt with two different parts.

12 Q All right. And they were trying to sell ball
13 powder plants?

14 A That was Olin.

15 Q In order to do that they had to convince people
16 who had procurement authority of the merits of their
17 offer?

18 A Yes.

19 Q And they came to you and you determined that there
20 were certain people who had to be convinced of that in order
21 to let the dealing through?

22 A And then Olin wanted to make sure that I indeed
23 had the contact and they put me to the test. If you read
24 my deposition or the deposition of Mr. Castells, he says
25 that when they came to the military industry they were

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104

jm 7

1 sitting there waiting for the codeword that we had told them
2 the night before that they would hear from this general, and
3 that would give them the information that we had contact at
4 that level.

5 Q You say "contact," you mean that the general
6 was looking for an financial benefit personally from the
7 deal; right?

8 A Oh, yes.

9 Q And, in fact, an arrangement had been made in
10 advance whereby the general was going to get money out of
11 the Swiss account?

12 A Swiss account or in that case, it was a German
13 account. That is besides the point. The point was that
14 Olin investigated to see who is the right agent for their
15 purposes.

16 They chose us because we were the agent for their
17 Winchester division, and the reason we were the agent for their
18 Winchester division was that the brother-in-law of the
19 commander of the Air Force at that time was sort of trans-
20 ferred to my company. He had the agency effective of the
21 Winchester division, and he was working with another group
22 of people that had become there well known, the Lovneed
23 brothers. It became a disaster, so the commander of the
24 Air Force did not want his brother-in-law to have any further
25 association with the Lovneed brothers, so he transferred his

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brother-in-law to me, and he said, okay, you look after his interests.

Q Where the brother-in-law went, the business went; is that right?

A Yes; he was a free lancer; he brought the agents with the business; he got his commission and he took care of whatever he had to take care of. That was the Winchester division.

Q You passed the payment to the brother-in-law but---

A But what he did was it---

Q And he was obliged to pass it to the general?

A If he did that or not, that is not relevant to the Olin case. I am trying to bring you to the Olin case which is different.

Q All right, I was talking about the Olin case.

Let's keep it there. I don't want to get confused with a lot of examples. I am trying to bring up one example where the players are known and where their roles are known, so that we can sort of see one model.

A That is exactly what I am trying to do.

Q Please.

A I am saying the method is that when a company used to come to Iran to find a so-called agent, they try to see who, which agent has a good track record. They go to the American Embassy, the consulate and the commercial division, they get the names of the agents and they go

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1 through the list and they test them.

2 In the case of Olin, it was different, because
3 we were already representing Winchester. They came to us,
4 but still they wanted to test us. I am trying to get to the
5 heart of the matter.

6 So Olin said, now we know that you are strong in
7 the Air Force. How do we know that you have strength in the
8 ~~milit~~^{military} industries?

9 So we had to establish a code word with a key man
10 in the military industry and tell this the night before their
11 meeting with that official, to tell Olin people that tomorrow
12 when you go there, when you are talking, you will hear this
13 sentence, exactly this sentence.

14 If you hear that, then you will know that we
15 have talked to the fellow. So this is exactly what happened.
16 They went there, they started to talk about their product,
17 and all of a sudden, without any relevance, they say,
18 oh, by the way, blank, blank, blank, blank; all that sentence.

19 Q And read it off to them?

20 A And they came back to us and said, okay, we are
21 satisfied. You can do the job.

22 Q Very much like the radio broadcaster that was used
23 later on in the negotiations with the Iranians?

24 A Exactly. By the way, if I may throw this thing
25 in there, you might find it very interesting, that Bechtel

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jm 10 1 ~~te~~ll entered into an agreement with Olin for a brass mill,
2 a joint venture in 1975-1976. You will find the date to
3 be very interesting. And I was invited to San Francisco.
4 I flew from, I believe, Tehran or Geneva to San Francisco,
5 and I spent a whole day, almost, cross-examined, to make sure
6 that I had the contacts, also. And the lawyers, they had
7 their lawyers, marketing people, everybody, to make sure that
8 I had the contacts. And then they accepted to go into a joint
9 venture with Olin so they could jointly sell this multi-million
10 dollar brass mill.

11 MR. LIMAN: Off the record.

12 (Discussion off the record.)
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jm 11

MR. HOLMES: Back on the record.

BY MR. HOLMES:

Q You explained during the course of your testimony in the Olin case and then your lawyers explained for you the basic set up. I wonder if you could just strip it down to its essentials and tell us what the basic setup was, how the money flowed from Olin through you and to the people who needed to be paid?

A Basically, Olin paid us and then---

Q "Us" was Multicorp?

A No, no, we kept this all off shore.

Q All right.

A This was off shore. They paid us and then we---

Q Who is "us"?

A Me, effectively me.

Q All right.

A Or if you will, the company that represented --

I don't recall the details of it now because there were several payments. We used different companies. The money effectively came to me or the companies that I controlled, and then there were secret accounts established for various interested parties, and as the money came into my account automatically it went to those accounts that belonged to the officials.

Q So the money was transferred to your account

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jm 12
1 by Olin?

2 A By Olin, yes.

3 Q Then you transferred it to three different
4 accounts?

5 A I don't recall now the details of it.

6 Q There was the [REDACTED] groups, who was the
7 general in the Air Force.

8 A He was the military industry. He was an Air Force
9 general, but he was the head of the military industries.

10 Q And then there was another group -- maybe it
11 would be easier if we just refer to this document which I
12 will mark as AH-21.

13 (The following document was marked as Exhibit AH-21,
14 for identification:)

15 COMMITTEE INSERT
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BY MR. HOLMES:

Q You had a lot of discussions during this course of time with your lawyers? In fact, there was Mr. Rice and Mr. Gooding who received payments out of your Swiss accounts in this case?

A But that had nothing to do with this.

Q It wasn't this case they were representing you on?

A No, not at all. This goes way back -- you see I got into this as the government witness.

Q They represented you in January of 1984?

A I can't remember those dates, Mr. Holmes. If you would just show me the documents.

Q I am just getting a document.

MR. JANIS: Do we have that?

MR. HOLMES: I don't have extras with me, but you can have a copy.

BY MR. HOLMES:

Q They filed a motion on your behalf in that case; didn't they?

This is now marked, Exhibit 21.

MR. JANIS: Do you intend to ask questions about this document?

MR. HOLMES: No, I just want a simple clarification of what it was, and I just want to get it in the record, and

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jm 14

1 go on.

2 MR. JANIS: What is in the document?

3 MR. HOLMES: This explains clearly what Mr. Hakim's
4 position was and what the facts were about the flow of
5 payments.

6 THE WITNESS: I explained that to you, and it
7 came to me and from me to the interested parties.

8 MR. HOLMES: I know. I just want you to look at
9 this.

10 MR. JANIS: Have you seen this document before:

11 THE WITNESS: I can't remember.

12 MR. HOLMES: This is only a couple years ago;
13 he will probably recognize it. It was based on your
14 explanations of what that case involved.

15 THE WITNESS: You are assuming that everything
16 that happened a couple of years ago, and if you go through
17 what I have been doing during the past two years, you
18 can readily understand that I have all the reasons to forget
19 everything about Olin and concentrate on Iran, and contras.

20 So, really it is a wrong assumption that because
21 it was a couple of years ago, I remember.

22 BY MR. HOLMES:

23 Q Well, I guess we can go through it, but it would be
24 easier---

25 A You want me to go over this?

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jm 15

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MR. LIMAN: What are the facts that you want him

2

to testify to?

3

MR. JANIS: The problem is you have a document

4

here which we don't have a copy of, and which he hasn't

5

seen before. If you want him to take the time and read it,

6

he can do that.

7

MR. LIMAN: I don't want to take the time at this

8

time. There are some facts that Kip wants to put in the

9

record.

10

Just summarize what it is.

11

BY MR. HOLMES:

12

Q You were paid by Olin; right

13

A Yes.

14

Q And you had three different groups of people

15

that needed to get paid off in order to get the contact?

16

A If this is your information, I have to rely

17

on your information. I don't recall it at this time.

18

Q It is your testimony?

19

A Fine. You want me to read my testimony, I will

20

be more than happy to read it, but now I have to rely,

21

because you have done your homework, I haven't. I have

22

to rely on what you tell me. So we are back to the same

23

thing.

24

You want me to read this document?

25

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jm 16

1 Q You had bearer letters, didn't you in that
2 case?

3 A I recall something to that effect.

4 Q And there were three bearer letters, one to
5 pay off [REDACTED] and the Air Force group?

6 A If this is what I testified then, then that is
7 correct.

8 Q One of those people was a general who didn't
9 want to get his money right then, he wanted it later;
10 right?

11 A I don't recall the case now.

12 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

13 BY MR. LIMAN:

14 Q It would not be unusual for you to park money
15 for someone if you did business in Iran?

16 A If they trust me.

17 Q If they trusted you, you would park it;
18 is that correct?

19 A Sure,

20 Q Because if you sent money to someone in Iran,
21 that would create complications for the person; correct?

22 A Yes.

23 Q You could hold money for someone if they trusted
24 you and then pay it to them at a later date?

25 A In Iran that was customary, yes.

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Q All right.

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1 BY MR. HOLMES:

2 Q And it was General [REDACTED] is that --

3 A Yes.

4 Q And he wanted his later?

5 A Yes.

6 Q You had Mr. Castells open an account in

7 Mr. Castells' name?

8 A I think that was one of the methods I used,

9 yes.

10 Q Then you put the General's money in the

11 Castells' account?

12 A Yes.

13 Q And promised Castells the interest for holding

14 it for you?

15 A I recall something to that effect.

16 Q Then you designed what you call a bearer

17 letter that was an instruction to Zucher to pay the

18 bearer the contents of the account?

19 A I don't know whether it was an instruction to

20 Zucher. There you might be wrong. It had to be to the

21 bank.

22 Q Well, to the bank, then.

23 A Yes.

24 Q And the bearer letter signified that the bearer

25 was entitled to the contents?

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1 A If that document says that, then I have ~~del~~ely
2 on it.

3 Mr. Holmes, that document that you are showing
4 me and you are telling me is dated '84, that refers to a
5 transaction that happened in '75 or '76.

6 Q I understand.

7 A You are asking me to remember what happened more
8 than 10 years ago.

9 Q I am asking you what your attorney represented
10 on your behalf in January of '84.

11 In any event --

12 MR. JANIS: With all due respect, I am not sure
13 what this says.

14 MR. LIMAN: He is showing a pattern of doing
15 business and I think he will acknowledge that that is not
16 an unusual pattern of doing business.

17 THE WITNESS: Mr. Liman, I have no problem
18 if you get to the bottom line and establish a pattern of
19 business. When you bring up dates of 11 years ago, that
20 puts a lot of strain on me. If you go to the point and
21 say if this is a pattern, I would be more than happy to
22 openly, as I have shown it so far, to answer the question.
23 We don't need to build up towards us; let's go to the
24 point.

25

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117

1 BY MR. HOLMES:

2 Q The point is that in the '70s, you made your
3 business by obtaining contracts with the Iranian government,
4 government agencies by paying off government officials.
5 True?

6 A Yes.

7 Q And you did that through Swiss and offshore
8 accounts?

9 A Yes.

10 Q And you did that through the use of bearer
11 letters so-called?

12 A Yes, and --

13 MR. JANIS: That is also, I think Mr. Hakim
14 is being too willing to cooperate. I don't think that
15 is accurate to the extent that you imply that is the only
16 way he made his business. I think he has testified at some
17 length about his businesses.

18 If you are asking whether as one component of
19 his business practices in Iran, he made payments to
20 government officials, he has admitted that that is correct,
21 and we are all aware there was a different atmosphere at
22 that time than there is in the United States.

23 MR. HOLMES: I'm not worried about a different
24 view of the world in that part of the world. I'm
25 establishing that is the case.

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1 THE WITNESS: Can we go on the record about my
2 dealings with Hewlett-Packard. Hewlett-Packard, not one
3 penny was paid off to a government official when we did
4 business with Hewlett-Packard. You are trying to establish
5 a pattern. I wanted to be educational, not just to serve
6 your purposes.

7 BY MR. HOLMES:

8 Q Right.

9 A So while you are putting in there Olin, let's
10 put also Hewlett-Packard.

11 Q I don't want to spend time with this further.

12 A Then let's go on the record.

13 MR. JANIS: Wait until there is a question.

14 THE WITNESS: While I was in Iran, I did this
15 and did business the way it was done in Iran. That should
16 also be educational for the purpose of the representatives.

17 BY MR. HOLMES:

18 Q Good. Thank you.

19 You did business with a project called IBEX,
20 isn't that right?

21 A No, that is wrong.

22 Q You never did business with IBEX?

23 A No, sir.

24 Q Did you do business in the computer business
25 in Iran in the '70s?

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- 5
- 1 A Computer is a very broad term. Computer for
2 what purpose?
3 Q Any computer.
4 A Yes.
5 Q You exported computer hardware from the United
6 States to Iran?
7 A I didn't.
8 Q Did any firm that you were associated with?
9 A Yes.
10 Q Which firm?
11 A Hewlett-Packard, for example.
12 Q Were there others?
13 A Yes.
14 Q Which?
15 A Texas Instruments.
16 Q Any others?
17 A Yes.
18 Q Which?
19 A Stanford Technology.
20 Q That is the same Stanford Technology we were
21 talking about earlier?
22 A We talked about two Stanford Technologies
23 earlier. Which one?
24 Q This is the one in California.
25 A Yes.

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1 Q Did you export equipment that was suitable for
2 surveillance support?

3 A What is your interpretation of surveillance --
4 of what?

5 Q Electronic surveillance.

6 A The only thing that I can recall that relates
7 in any way or form to the question that you are asking is
8 the receiving station, the monitoring station that I already
9 have testified to.

10 Q What it received and monitored was phone calls?

11 A Yes.

12 Q And the computer equipment was necessary to
13 cross-relate the phone calls and the phone numbers?

14 A Yes.

15 Q And how was that equipment exported; when and
16 under what name?

17 A I have no idea.

18 Q You have no idea?

19 A No, sir, because I did not run Stanford
20 Technology. George Hoberg did. He would be the person
21 to answer the question. He was the president of the company
22 then.

23 Q You didn't have any contacts in Iran with
24 regard to the export of this computer equipment?

25 A I had contact in Iran with the import of this.

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1 I had nothing to do with the export of it. Export was done
2 in the United States by the company in the United States.

3 Q So your job was the import side in Iran?

4 A Yes.

5 Q What was your role?

6 A The agent of Stanford Technology like I was the
7 agent of Olin and the agent of Hewlett-Packard.

8 Q This equipment was being purchased by the
9 Air Force, is that correct?

10 A That is correct.

11 Q ~~_____~~ 2

12 A No, wrong.

13 Q Who?

14 A I don't remember -- what date was this? You
15 want to know who was the commander of the Air Force at
16 that time?

17 Q Who were the people in the procurement chain who
18 had to pass on that contract?

19 MR. JANIS: We are in an area here where if
20 you start identifying people, I think --

21 MR. LIMAN: You don't have to identify people
22 on this record if you feel that would be better put on a
23 piece of paper. If they are not related to people in this
24 particular matter --

25 THE WITNESS: Not only that those people are

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1 either in Iran or just came out of jail, and I am not
2 going on record and have them shot.

3 BY MR. HOLMES:

4 Q [REDACTED] had something to do with this?

5 A No.

6 Q Did Eric Von Marbad?

7 A No.

8 Q Did you ever speak with Eric Von Marbad?

9 A No.

10 Q Who in the United States Government did you
11 interface with in the sale of this computer equipment?

12 A I have already testified that in the United
13 States I played no role.

14 Q No, in the United States Government -- I'm
15 talking mostly about Iran, people who were in Iran as
16 U.S. Government representatives.

17 A I understand. The companies that were my
18 principals handled that portion of it. I had nothing to
19 do in the United States. I was an Iranian --

20 Q My question is, what United States Government
21 representative had procurement authority over these
22 particular contracts, or oversight authority?

23 A I have no knowledge about this.

24 THE WITNESS: Is there an outstanding question?

25 (The reporter read the record as requested.)

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1 THE WITNESS: I answered the question.

2 BY MR. HOLMES:

3 Q Did you have other electronics-related contracts
4 in Iran at the same time?

5 A Yes.

6 Q I am talking about '75 to '78.

7 A Yes.

8 Q What were they?

9 A I don't remember now.

10 Q Did you have any relationship whatsoever with
11 the project ongoing at that time to mount long-range
12 cameras in airborne surveillance units?

13 A What was that again? Sorry.

14 Q Did you have any relationship whatsoever with a
15 project ongoing at that time to mount long-range cameras
16 in airborne surveillance units?

17 A No.

18 Q This would have been a computer imaging problem,
19 would it not, reconstruction of the photographs obtained by
20 long-range cameras?

21 MR. JANIS: Can we take a break? I would like
22 to take a break.

23 (Counsel confers with witness.)

24 (The reporter read the record as requested.)

25 THE WITNESS: I have no knowledge of such a

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10

1 project, as I recall.

2 BY MR. HOLMES:

3 Q Did you or Stanford Technology import signal-
4 processing technology into Iran during that period of
5 years, '75 through '78?

6 A What was the date again?

7 Q '75 through '78.

8 A I recall vaguely that Stanford Technology sold
9 some image-processing systems to Iran. I don't remember
10 the date.

11 MR. LIMAN: After or before the Shah?

12 THE WITNESS: It was before. I left Iran way
13 before the Shah's fall.

14 BY MR. HOLMES:

15 Q You testified about a contact with General
16 Secord while you were in Iran. Did he have any procurement
17 authority over any other project that you had ongoing in
18 Iran other than the one you have already testified about?

19 MR. JANIS: To the best of your recollection.

20 THE WITNESS: First of all, I don't recall that
21 I testified that he had procurement authority. To the
22 best of my knowledge, he did not have procurement authority.
23 He was in an advisory capacity.

24 BY MR. HOLMES:

25 Q Let me expand my question to include any

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1 advisory capacity.

2 A No. Then the answer is no, to the best of my
3 recollection. I do not remember any project in the Air
4 Force --

5 Q I didn't ask projects in the Air Force; I asked
6 about any project that you had anything to do with in
7 Iran.

8 A General Secord's advisory capacity was only with
9 the Air Force. He was assigned to the Iranian Air Force.

10 Q Let me ask the question, did General Secord have
11 any authority at all, advisory or otherwise, over any
12 project that you ever bid or attempted to bid on in Iran?

13 MR. JANIS: If you know.

14 THE WITNESS: I can't recall.

15 BY MR. HOLMES:

16 Q Were you --

17 A To the best of my recollection, that could not
18 be the case.

19 Q You testified -- well, let me see -- do you know
20 an individual named [REDACTED]

21 A [REDACTED] yes.

22 Q When did you first meet him?

23 A If I'm not mistaken, 1984 or sometime about
24 then, '84-'85 -- I don't remember exactly.

25 Q How did you come to meet him?

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- 1 A Through General Secord.
- 2 Q General Secord invited you to meet with [REDACTED]?
- 3 A He arranged for us to meet.
- 4 Q And when you met, who was there?
- 5 A You mean the first time?
- 6 Q Yes.
- 7 A I can't remember.
- 8 Q Where was the meeting?
- 9 A Possibly in California, but I don't remember.
- 10 Q Had there been some negotiations prior to the

11 meeting about the formation of a company called IDG?

- 12 A To the best of my recollection, IDG has been
- 13 a company in existence for a long time and belonged to
- 14 [REDACTED] I am not aware of the details of it, but at
- 15 least that is how it was represented to me, that IDG
- 16 belonged to [REDACTED] and his family, and was in
- 17 existence for a long time.

- 18 MR. JANIS: Do you have anything that you could
- 19 show him that would refresh his recollection, Mr. Holmes?

20 MR. HOLMES: I will when I get to it.

21 BY MR. HOLMES:

- 22 Q You at that time were operating under STTGI,
- 23 is that correct?

24 A Which date?

25 Q The date of this --

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1 A If it was after '83, yes. STTGI was created in
2 early '83.

3 Q What was the negotiation between yourself,
4 yourself and Mr. [REDACTED]

5 A Mr. [REDACTED] was to the best of my recollection
6 interested in us bidding for a security project in Saudi
7 Arabia.

8 Q What security project was that?

9 A For the Saudi government, I believe for the
10 Air Force or air defense. I don't recall which one now.

11 Q I'm handing what is marked as AH-22, a document
12 entitled "Marketing Consultancy Agreement." Turn to page
13 STG-11128, and I ask you if that is your signature on
14 page numbered 2 of this signature section.

15 (Exhibit No. AH-22 was marked
16 for identification.)

17 MR. JANIS: Do you have another copy of
18 that document?

19 MR. HOLMES: No.

20 MR. JANIS: Could somebody make a note, please,
21 to get us Deposition Exhibits 21 and 22?

22 MR. HOLMES: We will get them all for you.

23 THE WITNESS: Yes, this appears to be my
24 signature.

25 MR. JANIS: I guess we will have to take the

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1 time to read this, then.

2 MR. HOLMES: I haven't asked him any
3 questions.

4 MR. LIMAN: You don't have to take the time to
5 read it.

6 MR. JANIS: You have no questions about this
7 document?

8 BY MR. HOLMES:

9 Q You and Mr. Secord and Mr. Robert Lilac met
10 in December of '83, is that correct, in San Mateo,
11 California, at the offices of IDG?

12 A I remember having had a meeting where Mr. Lilac
13 participated. I don't remember the date.

14 Q You knew Mr. Lilac to be a personal friend of
15 [REDACTED] is that correct?

16 A In '83, you mean?

17 Q Yes.

18 A I don't remember.

19 Q Mr. Lilac worked subsequently for STTGI as a
20 consultant, didn't he?

21 A To the best of my recollection, he worked for
22 Marvais as a consultant.

23 Q He worked out of the STTGI office and was paid
24 by STTGI as a consultant?

25 A For the Marvais project, yes.

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1 Q That was the only large project that STGTI
2 was working on in the Middle East?

3 A In the United Arab Emirates, yes.

4 Q And at the time of the meeting in San Matão,
5 the focal point of the discussion was trying to get
6 Marvais as a client with IDG jointly with STGTI?

7 A There was some effort, to the best of my
8 recollection, to create some sort of a joint venture --
9 I don't know whether it was with STGTI or STC, with
10 regard to the requirement in the Middle East. I don't
11 remember which country it was related to.

12 Q Your negotiations with Mr. [REDACTED] centered on
13 business in [REDACTED] correct?

14 A Yes. My business negotiations centered in
15 connection with the security project that I mentioned in
16 [REDACTED]

17 Q And you wanted also to expand the possibility
18 of getting jobs for Marvais in [REDACTED]

19 A I did not participate in those meetings.
20 Marvais participated directly.

21 Q You were aware of some meetings but you didn't
22 participate in them?

23 A I knew that they had meetings between the two
24 companies but I did not participate.

25 Q You were aware at the time of your meeting

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1 with General Secord about Lilac and Mr. [REDACTED] in San
2 Mat^eeo that General Secord was closely associated with
3 [REDACTED] is that right?

4 A I don't know whether he was closely associated
5 with [REDACTED] but I know that he was closely associated
6 with the project, and I was aware that he managed and
7 handled that project.

8 Q He being Secord?

9 A Secord.

10 Q You were aware that [REDACTED] was handling the
11 project in [REDACTED] weren't you?

12 A I was not aware of that.

13 Q Was there any discussion whatsoever in your
14 conversations with Mr. [REDACTED] about the possibility that
15 [REDACTED] would provide any moneys to any insurgencies,
16 anti-communist movements anywhere around the world?

17 A I had no participation in such meetings as far
18 as I can remember.

19 Q Are you saying that there may have been such
20 meetings that you didn't participate in or not?

21 A I said I do not recall having participated in
22 such meetings, and if there were meetings that I did not
23 participate, I don't recall of those meetings either.

24 Q Did you ever discuss with Mr. Secord the
25 possibility that if you went into business with Mr. [REDACTED]

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1 that there would be some benefit from [REDACTED]

2 [REDACTED] that would flow to any anti-communist movement
3 in the world?

4 A I had no meeting that I can recall that had any
5 taste, smell or odor of politics related to General Secord
6 or [REDACTED]

7 Q Do you recall any discussion with Mr. Secord --
8 is the answer no to my question then?

9 A Yes.

10 MR. JANIS: I think he has answered the question.
11 Next question.

12 BY MR. HOLMES:

13 Q Did you ever discuss with Mr. Secord during
14 that period of time, late '83, the potential of Mr.
15 Secord's involvement in any anti-communist action?

16 A I don't recall such a thing.

17 Q Do you recall in about December of 1983 any
18 discussions with Mr. Secord about any activities in
19 Central America?

20 MR. JANIS: In December of '83?

21 MR. HOLMES: Yes.

22 THE WITNESS: Not that I can remember.

23 BY MR. HOLMES:

24 Q What became of your negotiations with
25 Mr. [REDACTED]

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1 A In connection with Mr. -- the only negotiation --
2 the only negotiation that I had with Mr. [REDACTED] as I
3 testified that I can recall had to do with the security
4 project for [REDACTED] and to the best of my
5 recollection, Mr. [REDACTED], his representation of who
6 he was and what he could do turned out not to be correct,
7 and nothing came out of it except loss for our company.

8 Q Could you explain what you mean by that? You
9 are saying that he represented that he had a lot of
10 business strength [REDACTED]

11 A [REDACTED]
12 [REDACTED] He had a business relationship with them. They
13 were in his pocket. Khashoggi was in his pocket. He
14 mentioned all kinds of names and made all kinds of repre-
15 sentations, and we didn't get the project and the project
16 was given to another company and we were out of pocket
17 thousands of dollars for making a bid.

18 Q We are not throwing stones at Mr. -- I gather
19 from what you are saying, your tone of voice, that you
20 are feeling that he didn't deliver?

21 A I said that I was a principle of Stanford
22 Technology, I knew how business was run in the Middle
23 East. I asked Mr. [REDACTED] if he could pay off and
24 if he had the capability; he said he did and he didn't
25 deliver. I am consistent with my testimony.

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1 Q So the agreement under negotiation was that he
2 would pay off and the ultimate outcome was that he wasn't
3 able to?

4 A Well, [REDACTED] I learned that things were
5 done even in a more weird way than Iran. I learned that
6 the same agent who make deals with a number of principles
7 and they submit for the same bid different proposals from
8 different companies, and they sit back and do nothing, and
9 whoever wins, they get their commission. And this is
10 exactly what happened, I learned -- this is exactly what
11 happened in our case.

12 Q Were you asked at one point to submit a high
13 bid by Mr. [REDACTED]'s group on your project?

14 A I really don't remember, but he was engaged in --
15 what I can recall, he led us to give a price that caused
16 us to lose and another company to win. This is what I can
17 recall.

18 Q Your bid was too high?

19 A No. There were higher bids than ours, there
20 were much higher bids than ours. We were right in the
21 middle, but they were much lower bids that got the
22 project.

23 Q Did he tell you at one point that you didn't
24 have the strength to make this particular bid go to
25 STTGI but if you went ahead and went along with this bid

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1 by bidding high and bidding yourself out, he would see if
2 he could get benefit back to you in the process of other
3 bidding?

4 A He didn't have such a discussion with me. I was
5 representing the STC and not STTGI. If you look at this,
6 you see I signed as STC.

7 Q This is Exhibit 22, an agreement between Stanford
8 Technology Trading Group International and IDG, and you are
9 saying that you signed as STC?

10 A Stanford Technology Corporation.

11 Q I see three signature lines here. The first one
12 is Albert Hakim.

13 A As an individual.

14 Q The second one is Richard Secord as an individual
15 and the third is Stanford Technology Trading Company
16 by Albert Hakim. You and Secord were the two partners
17 in STTGI.

18 MR. JANIS: The document just says Stanford
19 Technology Corporation.

20 MR. HOLMES: That is what I said. Referring
21 to STG-11128, it is Albert Hakim personally, Richard
22 Secord personally, and Stanford Technology Corporation
23 by Albert Hakim as president. You and Secord were the
24 two partners in STTGI, weren't you?

25 THE WITNESS: I don't know. That is what I am

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1 saying.

2 MR. LIMAN: This is an agreement with STTGI,
3 and what Mr. Holmes is asking you is that since it is
4 dated after STTGI was formed and after Mr. Secord became
5 your partner, didn't both partners of STTGI sign this?

6 THE WITNESS: Mr. Liman, I'm saying STTGI was
7 formed without Mr. Secord being a partner.

8 MR. LIMAN: But he signed this --

9 THE WITNESS: As an individual.

10 MR. JANIS: What is the date of the document?
11 Is there a date on it?

12 MR. HOLMES: It is well after the formation
13 of STTGI.

14 THE WITNESS: When did Secord become a partner
15 in STTGI? That is the date that I'm trying to establish.

16 BY MR. HOLMES:

17 Q It was before you even met Mr. [REDACTED] by
18 your testimony. That was in May of '83. This is almost
19 a year later, January of '84.

20 A So then my question is, if the contract is
21 between STTGI and IDG, why did Stanford Technology
22 Corporation sign?

23 MR. LIMAN: It says an affiliate of STTGI
24 shall mean Albert Hakim, Richard Secord and Stanford
25 Technology Corporation, and there are various references

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1 here. Let's see if there are any guarantees -- it says
2 the agreement is binding on the shareholders, officers and
3 irectors of the parties and its affiliated companies.

4 THE WITNESS: Here is the --

5 MR. LIMAN: STTGI is signed for by Richard
6 Secord as president and by you as chairman of the board
7 of directors and the date of the agreements seems to be
8 January 27, 1984.

9 THE WITNESS: Okay. This is different. That
10 is why I am saying, that is an exhibit -- that is why we
11 got confused.

12 MR. LIMAN: We have established that this was
13 January 27, 1984, and it was signed by Mr. Secord and
14 Hakim on behalf of STTGI and the agreement of purchase --

15 MR. JANIS: In other words, we were looking
16 at the wrong signature page before, is that correct?

17 MR. LIMAN: Yes. And the agreement of purchase,
18 which is the exhibit to it, refers to the board of
19 directors of STTGI consisting of Mr. Hakim and Mr. Secord,
20 and it requires the approval of 75 percent of the holders of
21 the shares, and that happens to be signed by also STTGI
22 and then there is a noncircumvention agreement, and that is
23 the one that deals with Mr. Hakim and Stanford Technology.

24 THE WITNESS: That is why I got confused,
25 because I couldn't understand the relevance.

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1 BY MR. HOLMES:

2 Q Are you familiar with the name Hyde Park Square?

3 A The Panamanian company?

4 Q According to AH No. 8, your chart diagram,
5 Hyde Park Square Corporation is marked down under Middle
6 East with a designation E.

7 A Yes, sir.

8 Q When was Hyde Park Square Corporation formed?
9 I'm not asking for an exact date. I'm talking about in
10 relative terms.

11 A I don't remember; to the best of my recollection,
12 it was an off-the-shelf company that existed in CSF, and
13 we took it and used it. I don't know when they had
14 incorporated that company.

15 MR. JANIS: For the record, Mr. Hakim has provided
16 the committees with the appropriate corporate papers
17 regarding the formation of Hyde Park.

18 BY MR. HOLMES:

19 Q What was your understanding of what it meant,
20 what Hyde Park Square meant? Does it mean anything? Was
21 it related to anything?

22 A No, it had no significance to me.

23 Q You didn't participate in the selection of
24 that name in any sense?

25 MR. JANIS: If you know.

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1 THE WITNESS: As far as I recall, I had no
2 participation in choosing the name, and as far as I recall,
3 even though if the company was incorporated, when I needed
4 it. As far as I recall, it is possible that the company
5 was incorporated even prior to my using it.

6 BY MR. HOLMES:

7 Q Did you ever discuss with anybody the original
8 intention for which Hyde Park Square was incorporated?

9 A As far as I recall, no.

10 Q So it came to you as an off-the-shelf corporation
11 with no history?

12 MR. JANIS: He said he wasn't sure whether it
13 came as an off-the-shelf corporation.

14 BY MR. HOLMES:

15 Q I am asking for the best of his recollection.

16 A The best of my recollection, as I testified,
17 I believe it was a company that was off the shelf. I
18 don't recall at this time if I participated in causing
19 it to be formed.

20 Q What was the first time you recall using the
21 Hyde Park Square designation? I see that it is on the
22 Exhibit No. 8, so I gather it was uppermost in your mind
23 as one of the Treasury companies when you did the diagram.

24 A The best way to answer your question is to
25 refer to documents that I have already submitted to the

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committees and get the dates.

Q Let me submit the dates.

When was this Exhibit No. 8 created?

A It must have been some time in the summer of '86.

Q What caused the creation of Exhibit No. 8, reorganization?

A I was trying to bring discipline in the chaotic way that we were operating.

Q So what day or week or month, if that is as close as you can get, would that have happened?

A I am unable to answer that question. I can't remember.

Q Was it at the same time as your reorganization is; in other words, was it all of a piece with other reorganizational things that you were doing? Would it be dated with other things of the same type?

A I don't remember, Mr. Holmes.

Q I'm wondering, for example, about the creation of the Button account on May the 20th of '86. Would it have been about the same time as that?

A I have really no recollection. I cannot remember this. As I said, if one should refer to the bank records related to Hyde Park, you should be able to get the information.

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1 MR. JANIS: To move this along, the Button account
2 was funded on May 20, 1986, and he has testified that this
3 chart was created in the summer of '86, when Mr. Zucher's
4 son was working for CSF.

5 BY MR. HOLMES:

6 Q Was Mr. Zucher's son already a summer employee
7 by the end of May, or do you recall?

8 A I don't recall, but he helped me to prepare
9 this. That is why I made the guess of summer, because --

10 Q Please look at Exhibit No. 23.

11 (Deposition Exhibit No. AH-23
12 was marked for identification.)

13 MR. JANIS: This is a document produced by
14 Mr. Hakim, H-186. H-186, H-187 -- well, it is H-186, I
15 take it, through H-191.

16 BY MR. HOLMES:

17 Q Mr. Hakim, on page H-188, is that your
18 signature?

19 A It appears to be my signature.

20 Q That particular document is dated May 20, 1986,
21 is it not?

22 A Yes.

23 Q And that is when you added your name to the
24 signature on that account, is that right, along with
25 Mr. Farina and Mr. Zucher?

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A It appears so.

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1 Q Do you have any recollection of actually signing
2 that document on May the 20th or could that be a document
3 that was signed at a later date at Mr. Zucker's request?

4 A To the best of my recollection, I testified
5 that I signed this document at my request.

6 MR. JANIS: Excuse me, other documents included
7 in this exhibit indicate that an account was opened in
8 March, March 14 of 1986, in which Mr. Hakim is listed as
9 the principal --

10 MR. HOLMES: Why don't we ask one question and
11 get an answer at a time and move it along.

12 MR. JANIS: On March 14, 1986.

13 I don't think this is accurate. I also don't
14 understand the relevance of it.

15 MR. HOLMES: This document, 190, doesn't give
16 him signature authority. Does document H-190 give you
17 signature authority on that account?

18 MR. JANIS: Excuse me --

19 MR. HOLMES: I am asking the witness.

20 MR. JANIS: Your original question was when the
21 accounts were opened. This ^{was} ~~was~~ on March 14.

22 MR. HOLMES: That wasn't my question.

23 MR. LIMAN: I think the question is whether he
24 signed the document on or about the date that appears,
25 and there was no answer to that.

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1 MR. JANIS: The original line of questioning was
2 when this was created.

3 MR. LIMAN: Why don't we get an answer to the
4 question Mr. Holmes asked. He showed him his signature and
5 he wants to know whether it is back-dated or signed on that
6 date.

7 MR. HOLMES: Did you design this document on May so
8 as it is dated, or could this have been signed at a later
9 date?

10 THE WITNESS: I can't remember.

11 BY MR. HOLMES:

12 Q Did you sign documents of this type, not
13 necessarily relating to Hyde Park, but documents of this
14 type that were not being signed on the date that was on
15 the document?

16 A I cannot recall.

17 Q You have testified that Mr. Zucker appeared at
18 your hotel in November 1986 with a large stack of
19 documents for your signature?

20 A Yes.

21 Q Documents that were sign or authority documents
22 like this H-188 at that time?

23 A To the best of my recollection this was not part
24 of those set of documents and to the best of my recollection
25 the documents that he brought to my hotel had to do with,

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1 not bank accounts, but the companies that were created,
2 sort of fiduciary agreements.

3 Q How many documents were there in total?

4 A I can't remember, probably as many as the
5 companies that we had.

6 Q How many were there approximately?

7 A Just looking at this chart here, Exhibit Number
8 8, I can see, 1, 2, 3, 4, 5 -- well, no, this is not
9 correct. This was never formed-- 1, 2, 3, 4, 5, 6, 7,
10 companies I see here, and there were a few other companies
11 that I have already mentioned and given you documents and
12 testified that doesn't appear on this chart.

13 Q Did he give you a total then of not more than
14 a dozen documents to sign?

15 MR. JANIS: If you can recall.

16 THE WITNESS: I can't recall.

17 BY MR. HOLMES:

18 Q I am trying to get a ball park figure. You
19 testified earlier you had a large stack that could have been
20 as large as hundreds of pages.

21 A I don't believe it was hundreds of pages.

22 Q How many pages was it approximately? How many
23 times did you sign?

24 A I can't remember, Mr. Holmes.

25 Q I am asking for your best approximation. Was it

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1 more than a dozen? More than a hundred?

2 A Not more than a hundred, and I don't believe
3 more than a dozen. I can't recall.

4 Q Can you be more specific between a dozen and
5 a hundred?

6 MR. JANIS: If you can be more specific, tell him.
7 If you can't be, don't.

8 THE WITNESS: I said I cannot recall that it was
9 more than a dozen or a hundred. I just testified that.
10 I can't recall if it was more than a dozen, so how can I
11 say it was between a dozen or a hundred?

12 MR. HOLMES: My question is we got it between --

13 THE WITNESS: I don't believe it was more than a
14 dozen.

15 MR. WECHSLER: No, you don't have it, right?
16 He said he didn't think it was more than a dozen.

17 MR. LIMAN: I think he testified it was not more
18 than a dozen.

19 BY MR. HOLMES:

20 Q You think it was less than a dozen?

21 A Yes, I believe so. You asked me to give you my
22 guesstimate.

23 Q Were there any documents in there that you read?

24 A I don't recall reading any of the documents.

25 Q So how do you know what they referred to?

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1 A I just take Mr. Zucker's word for what he told me
2 it was.

3 Q Was anybody else there?

4 A No.

5 Q What did he say?

6 A He said I may be audited by Swiss authorities and
7 there are no owners of these companies. I need your
8 signature.

9 Q And you believed that they related to the companies
10 on Exhibit Number 8?

11 A I believe it is that, also, plus the other
12 companies that we might have used that we did not have any
13 so-called owner for it. What I am trying to say is it
14 could go beyond the list -- beyond the chart.

15 MR. LIMAN: Mr. Hakim, so this testimony is
16 clear, it was always intended that you have the ownership of
17 those companies?

18 THE WITNESS: Yes.

19 MR. LIMAN: But you had not gotten around to signing
20 the papers, is that it?

21 THE WITNESS: Yes, not only that we intended to
22 dissolve them as we did not need them. If you recall that,
23 yes. The answer to your question is, yes.

24 MR. LIMAN: Do you remember whether or not he
25 had back-dated the documents so that your ownership was as

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1 of the date that the companies were formed as opposed to this
2 November date?

3 THE WITNESS: I don't know. I can only
4 speculate.

5 MR. LIMAN: Your speculation was that you back-
6 dated them?

7 THE WITNESS: I don't know.

8 MR. LIMAN: But you don't know.

9 MR. HOLMES: Mr. Hakim, in Exhibit 23, there is no
10 Hakim signature on any documents that relates to the
11 ownership of Hyde Park Square Corporation. The only
12 signature on such a document is Mr. Farina's. The only
13 signature that we have for you on this company is the
14 signature specimen.

15 THE WITNESS: Yes.

16 MR. JANIS: For the record, the document to which
17 you are referring, which is H-190, indicates that Mr. Hakim
18 is the controlling person of the company.

19 MR. HOLMES: Yes, that is right, but it doesn't
20 require his signature.

21 THE WITNESS: So I don't understand what your
22 question is.

23 MR. HOLMES: Well, that is because we were
24 interrupted.

25 MR. LIMAN: Let me see that a moment, and let's

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1 go off the record.

2 (Discussion held off the record.)

3 MR. HOLMES: Back on the record.

4 BY MR. HOLMES:

5 Q Mr. Hakim, you have said that you didn't sign in
6 that instance to your knowledge, documents such as
7 H-188.

8 A Pardon me?

9 Q Is that correct?

10 A You mean you are talking about the hotel visit?

11 Q Yes, we are still talking about the hotel visit.

12 (Witness confers with his attorney.)

13 THE WITNESS: So it is that incident you are
14 referring to.

15 MR. HOLMES: When Mr. Zucker appeared in November
16 '86 at your hotel in Geneva.

17 THE WITNESS: Yes, sir.

18 BY MR. HOLMES:

19 Q You are saying you did not sign on that occasion
20 documents such as H-188?

21 A As far as I recall, yes.

22 Q The signature card.

23 A As far as I recall.

24 Q You did sign something and you think that those
25 somethings related to the various companies on Exhibit No. 8.

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1 A Yes.

2 Q I would like to know why some things have not been
3 produced to us since they are obviously not within the
4 documents in Exhibit Number 23.

5 MR. JANIS: There is nothing that we have not
6 produced to you. If you want to play this game, let's
7 get out all the corporate documents, put them all on the
8 table and see.

9 MR. LIMAN: You have not produced the fiduciary
10 agreements, have you?

11 MR. JANIS: We have produced everything there is to
12 produce.

13 MR. LIMAN: I thought you said there were documents
14 from Switzerland and that they were mailed to Mr. --

15 MR. JANIS: But they are not responsive to this.

16 MR. LIMAN: To Mr. Nields.

17 MR. JANIS: I want somebody to give us the
18 records -- let me finish my statement. I want someone to
19 give us now the corporate records and signature cards for
20 each of these accounts. We will look at them, and at the
21 dates and see whether he signed and we will be prepared to
22 answer.

23 MR. LIMAN: Are you saying you have already
24 produced the documents that he signed in November?

25 MR. JANIS: We think we have. What we need to do

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1 if you are going to ask these questions is let's look at the
2 documents.

3 MR. LIMAN: I inspected the documents before
4 you produced them?

5 MR. JANIS: Sure.

6 MR. LIMAN: Are you telling us that your
7 understanding is that those documents have been produced?

8 MR. JANIS: That is my understanding.

9 MR. LIMAN: If you looked over the documents we
10 have received, do you think you would be able to identify
11 them?

12 MR. JANIS: I don't know. Let's take a look
13 at them.

14 MR. LIMAN: Have you seen those documents?

15 MR. JANIS: I have seen all the documents
16 that were produced to you.

17 MR. LIMAN: Have you seen the documents that you
18 believe you signed in November, the so-called fiduciary
19 agreements to these different copies?

20 MR. JANIS: He has not testified that it was simply
21 fiduciary agreements for the companies that he signed for.
22 He said he signed a number of documents.

23 MR. LIMAN: But they were documents that he signed
24 which he testified reflected the fact that he was the
25 beneficial owner of the companies. That is what I understood

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1 his testimony to be before and today.

2 MR. JANIS: He doesn't recall just what it was
3 that he signed. He signed them quickly for Mr. ^Zucker.

4 MR. LIMAN: He said he believes that is what he
5 signed. What I am asking you is have you seen such
6 documents? We don't have to play hide and seek.

7 MR. JANIS: I am not playing hide and seek.
8 I am telling you I don't know and I don't think he knows
9 precisely what it is he signed. If you want to ask him
10 about signature cards and things like that, let's look at
11 them.

12 They are dated and we can see what they are dated.

13 MR. LIMAN: Have you seen documents that reflect
14 he is the beneficial owner of these companies?

15 MR. JANIS: Yes, and so have you.

16 MR. LIMAN: Have you seen them?

17 MR. HOLMES: No.

18 MR. JANIS: They were in the records that were
19 produced. Let's stop playing this game. You are playing
20 hide and seek and I don't appreciate it.

21 MR. HOLMES: We don't have records that match the
22 description of what Mr. Liman just described.

23 MR. JANIS: Let's not play these games anymore.
24 You have the records, let's bring them up now and take a
25 look at them.

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1 MR. LIMAN: Do we have them here?
2 MR. ZANARDI: They are upstairs.
3 MR. LIMAN: Are they upstairs in the house?
4 MR. JANIS: You can bring them all down here.
5 MR. LIMAN: Let's see if they can find these
6 and meanwhile move on.
7 John, you can go up and see if we have the documents
8 on the ownership of the companies.
9 MR. JANIS: Bring back all the binders that we
10 produced.
11 MR. LIMAN: If we can find the documents I don't
12 have to bring it all down.
13 MR. JANIS: I didn't say anything about fiduciary.
14 He has not testified -- I know you would like it to be
15 this way, but that is not what he said. He didn't say
16 that these were fiduciary agreements that he signed. He
17 said that these were documents that he signed relating to the
18 companies. You have asked me if there are any documents
19 that were produced which indicated that he was the con-
20 trolling person of these companies, and the answer to that
21 is, yes, and you have it.
22 You want to bring them down? We can take a look
23 at them.
24 MR. LIMAN: Meanwhile let's move to another subject.
25

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1 BY MR. HOLMES:

2 Q Mr. Hakim, after Mr. Zucker left your hotel that
3 night, did he leave you with copies of what you had
4 signed?

5 A To the best of my recollection, no.

6 Q And did you ever approach Mr. Zucker thereafter
7 and ask him for copies of what you had signed, or the
8 originals?

9 A As far as I recall, no.

10 Q Do you have any idea where in the world those
11 documents might be now?

12 MR. JANIS: You probably have them.

13 MR. HOLMES: I am asking him. He is the witness.

14 THE WITNESS: I have no idea, sir.

15 BY MR. HOLMES:

16 Q To your recollection have you ever produced
17 those documents to your lawyers?

18 A My lawyers --

19 MR. JANIS: Mr. Hakim, just a minute.

20 (Witness confers with his attorney.)

21 THE WITNESS: Could you read the question back to
22 me please?

23 (The question was read back by the reporter.)

24 THE WITNESS: I don't know what those documents
25 are, and I cannot recall not knowing what those documents

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1 are if they have been produced or not.

2 MR. LIMAN: Did you make the selection of the
3 documents that were produced for us? Did you go to
4 Zucker's office and pick out what documents would be
5 produced and which ones wouldn't?

6 THE WITNESS: As far as I remember, no.

7 MR. LIMAN: Who handled that for you?

8 THE WITNESS: To the best of my knowledge--

9 (Witness confers with his attorney.)

10 MR. LIMAN: What handled that for you?

11 THE WITNESS: To the best of my recollection, the
12 request was made through my attorney -- Swiss attorney--
13 through their system and their system in the ethical and
14 legal way the process was, he did that.

15 MR. LIMAN: And your Swiss lawyer's name is?

16 THE WITNESS: Mr. Philip Neyroud.

17 BY MR. HOLMES:

18 Q I gather that you gave Mr. Neyroud instructions
19 with regard to the collection of documents for your subpoena?

20 A Yes.

21 Q When and where did you do so?

22 A I cannot recall the dates, but it was in Geneva,
23 Switzerland.

24 Q How long before your deposition on April 20, 1986,
25 did you do so?

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1 A Probably a few months before that.

2 Q A few months before that?

3 A That I gave him instructions, yes, that is the best
4 of my recollection.

5 Q So somewhere around January, February 1986?

6 A 1986?

7 Q Excuse me, 1987.

8 A I am confused with the dates the way they are, so
9 yes, probably, about that time.

10 Q Who else was present?

11 A I don't remember if I recall correctly, Mr.
12 Janis was also present.

13 Q What did you tell Mr. Neyroud?

14 MR. JANIS: Don't answer the question.

15 We will not get involved in conversations he had
16 with his attorneys.

17 MR. LIMAN: We are entitled to know whether the
18 document search here was one that was responsive to the
19 subpoena.

20 MR. JANIS: I will tell you this so we can cut
21 through all this.

22 MR. HOLMES: I am not so sure we will be able to
23 take your testimony, Mr. Janis.

24 MR. JANIS: Fine, don't answer the question.

25 MR. LIMAN: Mr. Holmes, I want to know --

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1 MR. JANIS: My testimony is not being taken now.

2 MR. LIMAN: I am asking for a representation
3 as to what was done to collect the documents pursuant
4 to the subpoena.

5 MR. JANIS: Requests were made through Swiss counsel
6 to obtain all information necessary, to trace the flow of
7 funds in all of these accounts. I will tell you that
8 more than one request was made because when documents
9 were produced and there were gaps in the documents,
10 requests were made for an additional document. And
11 a series of requests were made and CSF responded through
12 its Swiss counsel to Mr. Hakim's Swiss counsel and produced
13 documents.

14 MR. LIMAN: Were requests made for all documents
15 reflected both ownership and signature power on these
16 companies?

17 MR. JANIS: Yes.

18 BY MR. HOLMES:

19 Q How do you explain the failure of the Swiss counsel
20 to come up with the so-called wills?

21 MR. JANIS: I am not under oath, and I am not
22 sure there is a failure and I don't think that that is
23 responsive anyhow to what Mr. Liman was asking me about.

24 MR. HOLMES: But the question is-- we first learned
25 of it from Mr. Second months later.

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1 MR. JANIS: I am not here to be interrogated. Ask
2 your next question.

3 MR. LIMAN: They should have produced them and they
4 didn't.

5 MR. JANIS: There may be other records they should
6 have produced and didn't, but it has nothing to do with the
7 lack of good faith on our part, and Mr. Hakim's part.
8 Mr. Hakim, as he made clear, doesn't have custody of
9 the records. Any time he wants to records -- he has to go
10 back to CSF and make a specific request and he has done
11 that on a number of occasions through counsel.

12 MR. WECHSLER: Mr. Janis has also said we made
13 repeated questions because we did recognize gaps. If we had
14 taken the first production, it would have been far less than
15 what you ultimately received.

16 MR. LIMAN: Did you -- did you, Mr. Hakim,
17 either directly or on behalf of or through any agents or
18 attorneys ask the Swiss lawyers for Zucker or his company to
19 withhold any documents?

20 THE WITNESS: Withhold, you mean withhold from
21 giving it to you?

22 MR. LIMAN: Yes.

23 THE WITNESS: Absolutely not.

24 MR. JANIS: I will say even though I am not
25 testifying, absolutely not. The contrary is the case.

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1 If anyone understood what we went through to get the
2 records that you have, you would have a better appreciation
3 for that. We have had to go back to them on a number of
4 occasions and make a number of requests in order to try to
5 put together as complete a picture as possible.

6 THE WITNESS: If I may also testify that I was
7 present, that because of the assisting of Mr. Janis they
8 almost threw him out of their offices.

9 MR. LIMAN: Mr. Secord was with you in Geneva
10 before these records were produced.

11 MR. JANIS: I don't think so.

12 MR. WECHSLER: No.

13 MR. LIMAN: He testified to that.

14 THE WITNESS: Excuse me.

15 MR. LIMAN: Was Mr. Secord in Geneva with you before
16 these records were produced?

17 THE WITNESS: Talking before April 20?

18 MR. LIMAN: Yes.

19 THE WITNESS: No.

20 MR. LIMAN: Was he with you in Paris?

21 THE WITNESS: Absolutely not.

22 MR. LIMAN: You didn't meet with him before
23 these records were produced?

24 THE WITNESS: No, sir.

25 MR. LIMAN: I may be mistaken.

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1 MR. JANIS: That is precisely what Mr. Secord
2 testified to, and he was incorrect.

3 MR. LIMAN: All right.

4 BY MR. HOLMES:

5 Q Was Mr. Green present in either Geneva or Paris to
6 your knowledge at any time from November 1986 through
7 April 1987?

8 A I remember one occasion.

9 Q Only one?

10 A I remember one occasion.

11 Q When and where?

12 A It was in Geneva after the Paris process.

13 Q After April 20?

14 A Yes, in the presence of my lawyers in Geneva,
15 I believe, I met with Mr. Green.

16 Q Who was present at this meeting in Geneva?

17 A My both lawyers, Mr. Green, Mr. Secord.

18 Q Who do you mean by both lawyers?

19 A Mr. Wechsler and Mr. Janis, Mr. Tom Green,
20 Mr. Richard Secord.

21 Q And yourself?

22 A And myself, yes.

23 Q Where in Geneva did you meet?

24 A In my hotel.

25 Q What hotel?

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1 A Cornavin, C-O-R-N-A-V-I-N, I believe.

2 Q How long did you stay there on that occasion?

3 A I had other meetings, if I remember correctly,
4 for sometime, so I don't remember how long.

5 Q More than a few days then?

6 A Oh, yes. After my attorneys -- I believe all
7 the four gentlemen left together and I was -- I stayed
8 behind to conduct my business.

9 BY MR. HOLMES:

10 Q How long was Mr. Secord there?

11 A As far as I can remember he left about the same
12 time that the other three gentlemen left.

13 Q Was he there at any time when his lawyer was not
14 there?

15 (Witness confers with his attorney.)

16 THE WITNESS: Okay. I had some business
17 associates to meet with me, and Mr. Secord stayed a day or
18 two longer to meet with those people.

19 BY MR. HOLMES:

20 Q Who were they?

21 A A group of Iranian businessmen.

22 Q What was the nature of their business?

23 A The nature of the business was to establish a
24 trading company and their capabilities dealing with carpets
25 and various products we could import from Iran.

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1 Q That is import into the United States from Iran?

2 A No, just anyplace in the world that they would
3 buy it. These people live in Europe.

4 Q So they were in the export business in Iran,
5 exporting to the rest of the world?

6 A They are in the import-export business, yes.

7 Q Do you have any association with the -- do they
8 have any association with the people we have identified
9 on paper earlier today?

10 A Some of them do.

11 Q How many were there?

12 A I can't remember, maybe 3, 4, and I believe one had
13 to do with one of the people that you have identified
14 with me.

15 Q Apart from that person, what is the name of the
16 business that they represent?

17 A The name of the business?

18 Q Yes.

19 A Are you asking for the name of their companies?

20 Q Right.

21 A I believe the company that they are forming or
22 they have formed, if I remember correctly, as I testified
23 earlier, I have been busy trying to create a new business
24 network, and these people were there to create those
25 companies. I believe they have formed a company.

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1 If I am not mistaken the name of the company is Critex.

2 I am not sure.

3 Q What are the names of the companies that they
4 represent or represented before they formed Critex?

5 A I have no idea.

6 Q You don't know the names of the companies that
7 these people were representing?

8 A I didn't testify that they represented any
9 companies. I said they imported goods from Iran.

10 Q Did they do so under any business name?

11 A I have no idea. Their association with us
12 started in this manner only as a result of the recent
13 efforts of mine. This is a new endeavor.

14 Q Would you describe the proposed business of
15 Critex, please?

16 A The proposed business of Critex is to either act
17 as Liaison between buyers and sellers or import as whole-
18 salers and sell it to the interested parties depending
19 on the products they import.

20 Q Does it propose to engage in any particular
21 specialities, any particular products?

22 A It proposes to deal with the products that can be
23 imported from Iran such as dried fruits and nuts, pistach^hos,
24 caviar, carpets, anything marketable, anything they can
25 bring from that country.

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1 MR. LIMAN: We have these records now and I am
2 told by Mr. Monsky that the records that you produced have some
3 bank records that reflect who controls the company, but
4 that what we did not get are the powers that run from the
5 directors of the Panamanian corporation in favor of
6 Mr. Hakim or from Mr. Zucker's company indicating that
7 Mr. Hakim is the owner. So that that step which you would
8 expect to find with Panamanian companies, Bermuda companies,
9 off-shore companies, where the directors or the Swiss
10 fiduciary pledges the shares or gives the power to the
11 beneficial owner, that documentation is missing, and we
12 request that you see whether you can obtain that.

13 I think the documents that you are referring
14 to that showed beneficial ownership are the bank records
15 and we have that for three companies. You could show
16 them the one for example of Danly.

17 MR. JANIS: You also have this.

18 MR. LIMAN: This is H-747.

19 MR. JANIS: And you have corporate records for
20 each of them.

21 MR. MONSKY: If you looked at them you would see
22 they were a dead end in a sense. If you walked in a court-
23 room and said, "Who owns these companies, the dead end.
24 Is that Zucker's people that work for him control the
25 companies as a legal matter."

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1 MR. LIMAN: They show Farina of Bern, Mosee,
2 and the document you would almost always see with these
3 companies around which I suspect he signed in November
4 have yet to be produced.

5 MR. JANIS: I think -- of course I don't
6 have the records in front of me -- as I recall some of those
7 corporate records indicate who was the owner of
8 the stock. I know in at least a couple cases that is the
9 case.

10 MR. LIMAN: We will check it.

11 MR. JANIS: So that would not be a so-called
12 "dead end." This will save us all a lot of time and
13 trouble; what we can do is if you have some specific
14 documents that you are looking for put it on a piece of
15 paper to us, and we will be communicating that request
16 to the custodian of the records.

17 Other than that I can't help you.

18 MR. WECHSLER: It may make sense to hold it
19 until tomorrow to see what we get in the mail, because
20 the documents you are looking for may be in the package
21 that we are hopefully going to receive tomorrow.

22 MR. LIMAN: Good.

23 MR. JANIS: I also think you should go back over
24 the corporate records again and the other records to see
25 whether you already have these things.

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1 MR. LIMAN: I am sure Mr. Monsky, as a corporate
2 lawyer, did that and I am confident that he knows where
3 to look.

4 BY MR. HOLMES:

5 Q We don't have them with Mr. Hakim's signature
6 on them. What we have is like what we have in Exhibit 23;
7 that is, a bank signature card, not the so-called fiduciary
8 agreement.

9 MR. MONSKY: Are you stating that with respect
10 to some of the corporations here there are copies of stock
11 certificates that show that Mr. Hakim owns it?

12 MR. JANIS: No.

13 MR. MONSKY: Where are the certificates?

14 MR. JANIS: I have no idea. I really reject
15 the implication that some how we have withheld documents.
16 That simply is not the case.

17 MR. LIMAN: You have made it clear that the
18 documents are in the custody of Mr. Zucker. What I am
19 saying to you is that --

20 MR. JANIS: I am saying that there are documents
21 in at least some instances that I know that are there that
22 say, for example, in one instance, I recall off the top of
23 my head that there are a hundred shares of stock and the
24 owner of that stock is Albert Hakim.

25 You have that in the records we have produced.

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1 I think there is more than one company where that is the
2 case. But was there a sealed, you know, embossed
3 certificate of incorporation?

4 MR. LIMAN: I wouldn't expect that. I would
5 expect there to be either a power or some other designation.

6 MR. JANIS: What I suggest you do instead of
7 cross-examining Mr. Hakim about documents he can't
8 recall is make up a list specifically of what it is that you
9 want, and we will communicate that request.

10 MR. MONSKY: We will give you our chart and then
11 show you where the missing pieces are.

12 MR. WECHSLER: I still suggest we do that after
13 tomorrow because hopefully we will get what we are looking
14 for in the mail tomorrow.

15 BY MR. HOLMES:

16 Q Mr. Hakim, with regard to the documents that were
17 referred to in your deposition in Paris concerning the
18 ones that were deposited with the Swiss fiduciary -- do you
19 recall that reference in your deposition?

20 A I think so.

21 Q I would like to know when they were deposited
22 with him, with the Swiss ^{fiduciary} ~~fiduciary~~.

23 MR. JANIS: I'm sorry, could you repeat that
24 question?

25 (Question read back by the reporter.)

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1 MR. JANIS: I am sorry, I am not sure I
2 understand the question.

3 THE WITNESS: I understand it to mean the
4 officer of the court.

5 MR. HOLMES: All right.

6 MR. JANIS: Is that what you referred to?

7 MR. HOLMES: The ones referred to in your deposition.

8 MR. JANIS: Wait, I am still not sure I understand.
9 Are you referring to documents that were put under seal
10 with the court official? That was referred to in his
11 deposition.

12 MR. HOLMES: The ones I will get to, who they were
13 put under seal to, but --

14 MR. JANIS: You were referring to documents that
15 were not produced, but were placed under seal.

16 MR. HOLMES: Yes.

17 THE WITNESS: To the best of my knowledge, these
18 are the documents that should be received by Mr. Niels
19 that had been sent on Friday if I am not mistaken.

20 MR. HOLMES: These are the same documents we are
21 talking about.

22 THE WITNESS: I believe so.

23 BY MR. HOLMES:

24 Q What leads you to that belief?

25 A Because of the information my attorneys have given

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1 me. They have communicated with Switzerland.

2 Q Let me find out from you when those documents
3 were placed wherever they have been for at least since
4 April 20?

5 MR. JANIS: He wants to know when they were
6 placed under seal.

7 Q Where have they been, Mr. Hakim?

8 A From the minute we got them we put them in the
9 custody of the court officials. We did that with the
10 officer of the Swiss court.

11 Q All right. And where was that?

12 A In Geneva, Switzerland?

13 Q And who was that?

14 A I don't recall the name of the court officer.

15 Q What is the title?

16 MR. JANIS: He is called the Louissier?

17 THE WITNESS: I don't know. Mr. Janis, no, sir,
18 what the title is.

19 BY MR. HOLMES:

20 Q When did this happen?

21 A Sometime in December of 1986.

22 Q December of 1986?

23 A Yes.

24 Q What documents were they?

25 A I can't remember.

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Q How many documents were they?

MR. JANIS: Can I suggest something? We have all be here a long time. I understood the purpose of this deposition to have been to prepare the witness for his public testimony. We have already told you, he has testified, that all of the documents that were placed under seal have been requested and will be provided.

So what is the point of asking him today when you are going to get all the documents tomorrow? What are the documents that you are going to get tomorrow? It is just a waste of time.

MR. HOLMES: Because I want to know today so I will know tomorrow.

THE WITNESS: I don't remember.

MR. HOLMES: So I will find out tomorrow what I get out of the mail.

MR. JANIS: I think we ought to defer that question until we get them, then you can ask him if there was anything placed under seal that was not provided.

MR. HOLMES: Mr. Hakim, what did you place under seal?

THE WITNESS: I don't remember, Mr. Holmes.

BY MR. HOLMES:

Q The documents of what type were placed under seal, though?

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1 A To the best of my recollection they included some
2 invoices, and these are I think all a matter of record
3 already. We went over that so --

4 Q There was invoices. What did they relate to?

5 A To the best of my recollection they had to do with
6 Defex. There were some various kinds of small amount of --

7 (Witness confers with his attorney.)

8 THE WITNESS: Small amounts of various documents
9 that piled up. We did not even, to the best of my
10 recollection we did not even list them with this court
11 officer. I also recall there were some classified documents.

12 BY MR. HOLMES:

13 Q What do the classified documents relate to?

14 A If I remember correctly -- I may be wrong --
15 but I believe these are the documents that actually
16 belong to General Secord that he left with me, and had
17 to do with his trip to Israel.

18 I am just guessing. I actually can't remember.

19 Q You have mentioned listing documents with the
20 court.

21 A I said we did not even list it.

22 Q Was there some process that he went through or
23 did you inventory the documents you were putting with the
24 court?

25 A He went through a process, the Swiss are quite

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1 bureaucratic and I don't recall right now what was the
2 process that we went through.

3 Q But some form of inventory was prepared?

4 A Yes, some sort of.

5 Q I assume you signed the inventory?

6 A I don't remember.

7 (Witness confers with his counsel.)

8 THE WITNESS: I don't remember signing such
9 inventory. I just can't remember, Mr. Holmes, what was
10 the process we went through, but we went through a
11 certain process.

12 BY MR. HOLMES:

13 Q Who was there?

14 A The court officer was there, Mr. Neyroud was
15 there, Mr. Janis was there.

16 Q Anybody else?

17 A It is very possible that one of the secretaries
18 was there. I can't remember. One of the secretaries of,
19 Mr. Neyroud.

20 Q Where did the Defex invoices come from?

21 A I believe, like I said, these documents belonged
22 to Mr. Secord, gave them to me.

23 Q Mr. Secord had given them to you?

24 A To the best of my knowledge.

25 Q Where did he give them to you?

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1 (Witness confers with counsel.)

2 THE WITNESS: Excuse me.

3 BY MR. HOLMES:

4 Q Where did he give them to you?

5 A I don't remember, but they were given to me
6 sometime back. They were left with CSF as a request --
7 as part of the request that we made for CSF to produce
8 documents. They sent those to us while we were all there
9 and when it was received, my lawyers decided that it was
10 best we left them in the custody of the court officer.

11 Q What other kinds of documents were there?

12 A I don't remember.

13 Q I need a total of documents as close as you can
14 get.

15 A I cannot guess, Mr. Holmes. I cannot remember.
16 Let's go on.

17 Q I want you to estimate the total number of
18 documents.

19 A I am sorry, I cannot help you, Mr. Holmes.

20 Q Is there more than a hundred.

21 MR. JANIS: Next question. Let's get on with
22 this. This is ridiculous.

23 MR. HOLMES: There is a method by which you could
24 have avoided this, and that was to produce the documents.

25 MR. JANIS: They are being produced tomorrow,

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1 Mr. Holmes.

2 MR. HOLMES: Some documents are, but --

3 MR. JANIS: Yes, and I am probably engaged in a
4 conspiracy to obstruct justice and hold back all the
5 damaging documents -- come on, this is ^{absurd} ~~absured~~. Mr. Liman,
6 I want to take a break and I want to talk to you.

7 MR. HOLMES: We are not off the record yet.

8 MR. JANIS: Albert, come on, we are taking a
9 break.

10 MR. LIMAN: Let's take a break.

11 MR. JANIS: I want to talk to you.

12 (Recess.)

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1 MR. LIMAN: On the record.

2 Mr. Holmes will have a few more questions.

3 I wanted to ask something to clarify so I understand
4 it, and then Tim is going to go on some of his with respect
5 to the second channel. Let me put questions so I understand.

6 BY MR. LIMAN:

7 Q Do I understand that the documents that were put
8 under seal were assembled by you some time after November of
9 1986?

10 A No.

11 Q When did you get those documents?

12 A The same day that we received it from CSF, upon
13 advice of my Swiss lawyer and approval of Mr. Janis, we
14 immediately called and put a lot of pressure and brought
15 the court officer there and put it in his custody.

16 Q Mr. Janis began representing you after the events
17 of November of 1986, correct?

18 A Yes, sir.

19 Q These are documents such as the Defex invoices --

20 A With CSF.

21 Q -- that were sent to CSF some time before, correct?

22 A Correct.

23 Q Why is it that CSF gave you these documents when
24 they did as opposed to keeping them at CSF?

25 A Because the process of continuously commanding

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1 documents and checking to see what there was and what they
2 had not sent, continuously calling the attorneys of
3 Mr. Zucker.

4 It was a hide-and-seek process. As a result of
5 that, these documents were coming in.

6 Q Where I am having difficulty, for example, the
7 documents that you produced for us in Paris were not
8 documents that were put under seal; am I correct?

9 MR. JANIS: Are you interested in making a record or
10 finding out what happened?

11 MR. LIMAN: I want to know why some documents are
12 under seal and other documents were produced to us, which
13 I presume were not under seal.

14 MR. JANIS: What happened was when I was there in
15 December, CSF on its own sent over a number of records that
16 it had that apparently, I thought, were sensitive, and we
17 immediately put them under seal with a court official. This
18 was before any of the accounting records had been produced
19 to the committee and were provided by CSF.

20 MR. LIMAN: Did you keep an inventory of what those
21 records were?

22 MR. JANIS: No.

23 MR. LIMAN: Was there an inventory made of those
24 records? Usually, there is when a court takes documents.

25 MR. JANIS: There was not an inventory made. The

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1 documents were placed in sealed envelopes.

2 MR. LIMAN: Is what is going to be produced now
3 all of those documents?

4 MR. JANIS: Yes.

5 MR. LIMAN: Is the process that they are going to go
6 from the Swiss magistrate to the Swiss lawyer and from the
7 Swiss lawyer to Mr. Nields --

8 MR. JANIS: Yes.

9 MR. LIMAN: So they are being sent directly from the
10 Swiss lawyer to Mr. Nields?

11 MR. JANIS: Yes.

12 MR. LIMAN: And he has obtained copies of them from
13 the Swiss magistrate?

14 MR. JANIS: I understand that you will be getting
15 the original documents.

16 MR. LIMAN: And if we -- just so that we have our
17 records in order, I would ask, without intending to insult
18 the Swiss lawyer, for the equivalent of a certificate of
19 compliance of production that he has turned over to
20 Mr. Nields all of the documents that he received from the
21 Swiss magistrate and that were lodged with that court.

22 MR. JANIS: Number one, that won't be a problem,
23 and number two, it is entirely possible that there may be
24 such a statement --

25 MR. LIMAN: There may be one attached?

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1 MR. JANIS: Attached when Mr. Nields receives the
2 documents.

3 EXAMINATION BY COUNSEL FOR SENATE SELECT COMMITTEE

4 BY MR. HOLMES:

5 Q Mr. Hakim, we talked about a company called Critex.
6 Where is that located?

7 A Mr. Holmes, when we met, the whole idea was to create
8 a new network. I earlier testified that as the result of
9 the Iran-contra initiate, the companies and the businesses
10 structured that I had for many years was totally destroyed,
11 and I was busy during the past five or six months trying to
12 establish a new structure.

13 In trying to establish a new structure, I have
14 asked a number of business associations, new business
15 associates, to participate. The meeting that we are talking
16 about in connection with Critex was at the early stage
17 of trying to establish that organization. I am unaware what
18 they have done and what is the location and where these
19 people have established their -- to be their headquarters
20 for their operation.

21 I have been moving to a number of cities, meeting
22 with a number of people, trying to create a new structure
23 to deal with Iran, and as soon as I finished with that, I came
24 here to comply with the requirements here in connection with
25 this investigation.

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1 I have not had a chance to check back to see
2 where they are at and what the status of each company is.

3 Q Are you aware of an organization called the Arab
4 Development Group?

5 A I used this name -- I don't know if there is a
6 company by that name or not. I testified earlier when we
7 started to deal with this TriAmerican Arms or so-called the
8 Investment U.S., we told the people that it is the foreign
9 investment money that is coming in and it is coming in from
10 the Middle Eastern people.

11 I asked Mr. Zucker to send these names under a
12 name that would reflect my representation to the people in
13 the U.S. He used that name. Whether there is a company
14 by that name or not, I have no idea, or he just used it for
15 the bank records. I really don't know.

16 Q Is there a bank account with that name?

17 A Not that I know of.

18 Q In your own mind, who is the Arab -- let me ask
19 this question first.

20 I gather that there is no business that is using
21 that name, whether a corporation or any other form?

22 A Not that I know or or that I have any association
23 with.

24 Q It was to signify a concept of Iranian involvement?

25 A No, the concept was to represent the Americans,

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1 talking to the Marostica episode, to represent these people
2 that the money coming for this investment is money of Middle
3 Easterners, so I requested Mr. Zucker to reflect on the bank
4 transfer and bank documents the name "Arab Development" --
5 or I didn't even come up with the name "Arab Development",
6 come up with something that would have the name Middle East,
7 Arab, Iran, so that is what he came up with.

8 Whether there is such a company, I have no idea.

9 Q So, you told Marostica and others that there was
10 such an organization?

11 A Yes.

12 Q And, in fact, the money was coming from the Lake
13 Resources group?

14 A As I testified, yes.

15 Q Have you used the name "Arab Development Group" or
16 "Arab Development Corporation" in any other context?

17 A Not that I remember now.

18 Q Do you recall generating any cash under that name?

19 A I don't understand the question of generating cash.
20 You mean the company doing business and making money, is
21 that --

22 Q I could be wrong, but as I recall your secretary --
23 one of your two secretaries has said that she was instructed
24 to charge a cash withdrawal from STTGI to the Arab
25 Development Group.

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1 A I don't know what you are referring to. I have
2 no idea. But it could be, again, in connection with the
3 same STGI's involvement with Marostica and the investment.
4 I have --

5 Q Do you recall ever having any cash that was
6 associated with that name?

7 A I have difficulty understanding, Mr. Holmes.

8 Q That is a relatively unusual method of transferring --
9 I believe the amount was \$30,000.

10 A Transfer by Arab Development?

11 Q To the account of, according to your secretary.

12 A I have no idea what she was talking about. If you
13 can give me the context --

14 Q I will.

15 In the meantime, let's pass to the second channel.

16 MR. WOODCOCK: Mr. Hakim, I am Timothy Woodcock.
17 I am also with the Senate Committee.

18 Before I begin my series of questions, I would
19 like to clear up for the record a little bit on this piece
20 of paper which you identified as being a person whom you
21 describe as being the Engine.

22 Could we have this marked as a deposition exhibit?
23 This will be sealed with Deposition Exhibit No. 20, but
24 for future reference, this is now being marked as Exhibit
25 No. 25, and Exhibit No. 25 does contain the name of the person

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1 that you have earlier called the Engine; is that correct?

2 THE WITNESS: Yes.

3 (The document marked Exhibit No. AH-25 follows:)

4 *****COMMITTEE INSERT*****

5 EXAMINATION BY COUNSEL FOR SENATE SELECT COMMITTEE

6 BY MR. WOODCOCK:

7 Q Mr. Hakim, I am going to refer to a name that is
8 already a name which is publicly known, having appeared in
9 the Tower Report, and that is the name of [REDACTED]

10 [REDACTED] Is that a name that is known to you?

11 A Yes.

12 Q Do you know [REDACTED]

13 A Yes.

14 Q How long have you known him?

15 A Several years.

16 Q Did you know him when you lived in Iran?

17 A Yes.

18 Q Do you recall what position --

19 A I don't remember whether I met him, but I knew him.

20 Q You knew of him, is that what you are saying?

21 A Yes.

22 Q But you do not recall whether you met him in Iran or
23 later?

24 A That is correct.

25 Q Do you know what his position was in Iran?

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[REDACTED]

Q So your understanding, I gather, is that

[REDACTED] was in some way associated with [REDACTED]

is that correct?

A Yes.

Q Do you recall the circumstances under which you met him? You say you may or may not have met him when you were in Iran.

A The occasion that I remember meeting him occurred after the Iranian revolution, [REDACTED]

[REDACTED]
I may have met him before that. I just can't remember. That particular day I do remember.

Q Now, Mr. Hakim, let me refer you to Deposition Exhibit No. 20 to refresh your recollection on numbers 1 and 2.

Do you know whether the figure No. 1 had any kind of association or relationship with [REDACTED]

A Yes, I do.

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1 Q What was the character of that relationship?

2 A Mr. [REDACTED] was his boss.

3 Q In [REDACTED]

4 A Yes.

5 Q Do you know whether since the revolution they
6 had maintained a relationship?

7 A I know that they for a while maintained a
8 relationship and then when No. 1 learned about the
9 direction that Mr. [REDACTED] was taking politically, he
10 severed his relationship with him, and my understanding is
11 that they are not on good terms.

12 Q Let me take you a step back on No. 1. I gather
13 No. 1 is an individual you have known for some years, is
14 that correct?

15 A That is correct.

16 Q Did you know him while you were in Iran?

17 A Yes, I did.

18 Q Have you kept in regular touch with him since
19 you have left Iran?

20 A Definitely.

21 Q Do you recall when it was he would have severed
22 ties with [REDACTED]

23 A I can make an educated guess. I would say it
24 goes back some three years, sometime in '84, I would say.
25 That is an educated guess. I could be a year off either

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way.

Q So '83, '84 or '85 would be the period in which this severance would have occurred?

A Yes, sir.

Q Did you know that [REDACTED] had a relationship in '84 with Ghorbanifar?

A I knew that he had a relationship with Ghorbanifar [REDACTED]

Q [REDACTED] in your earlier testimony you said Mr. Ghorbanifar had SAVAK connections?

A Yes, sir.

Q Did you mean he was an asset of SAVAK or an employee in the civil service end of SAVAK?

A I really don't have that information. I knew he was connected with SAVAK.

Q Do you know whether No. 1 and Ghorbanifar had any kind of relationship?

A I don't know. I doubt it, but yet it is possible.

Q Let me direct your attention, if I may, back to your efforts to open the second channel. I gather that that effort came at about the same time you were reorganizing, as is evidenced by Exhibit 8, the companies that you

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1 collectively describe as the Enterprise, is that correct?

2 A Well, I recall my establishing the second channel
3 to be sometime around July; that is to the best of my
4 recollection. This, I think, we somehow worked out the
5 date as to when we established that to be also about -- my
6 point of reference for this is the engagement of Eric
7 Zucher as an employee, and I am estimating because he
8 worked for us -- it was in the summer, so it should be
9 about the same time.

10 Q You were earlier referring in your testimony
11 to this, and you were pointing to Exhibit No. 8, is that
12 correct?

13 A Yes.

14 Q If I recall your testimony correctly, you
15 first placed Exhibit No. 8 in the context of your having
16 realized that there had reached a point where the Enter-
17 prise was going to be more than a day-to-day thing, is
18 that correct?

19 A That is correct.

20 Q I think that you connected that insight on
21 your part with your understanding that you were going to
22 make an effort to develop a separate second channel
23 independent of Mr. Ghorbanifar, is that correct?

24 A That, I believe, was already on its way to
25 occur. The answer is yes. The answer is correct, yes.

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1 Q Now, when you undertook to open the second
2 channel, I gather from your testimony you did that at the
3 direction of General Secord, is that correct?

4 A That is correct.

5 Q Now, when you went to open up the second channel,
6 I gather from your testimony that you had a meeting with
7 No. 1 sometime in July, is that right?

8 A I don't recall if I had a meeting with him or
9 I was doing this over the phone. I can't remember now.

10 Q Let me ask you something that perhaps may
11 refresh your recollection. Do you recall meeting with
12 No. 1 with George Cave?

13 A Yes.

14 Q How did that meeting come about, to the best of
15 your recollection?

16 A I believe -- I think I also testified to that,
17 that I wanted him to go through a lie detector test.
18 Whether that occurred in July -- I didn't want him to be
19 exposed before I was completely satisfied that he was
20 clean for our purposes. So I asked him to come to the
21 States and asked him to take a lie detector test. I
22 don't remember whether it was in July.

23 Do you have anything that -- I got them to
24 meet, but I don't know which one occurred first. He came
25 here, took the test, and then met with Mr. Cave or it

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1 happened at the same time.

2 Q Let me just ask you this. I am going to show
3 you something that will refresh your recollection, I believe.
4 But when Mr. Cave and this fellow who has been identified
5 as No. 1, when they ultimately met, do you recall whether
6 anybody other than those two were present? Were you
7 present?

8 A When I introduced them?

9 Q Correct.

10 A That is obvious.

11 Q Anyone else?

12 A I don't remember. It is possible that Mr.
13 Secord was there. Mr. Robinette assisted me to get him
14 to take the test.

15 Q How did he do that?

16 A He went to approval, someplace that he drove
17 us 10 minutes away from our office.

18 Q That is the STGI offices?

19 A Yes, Mr. Robinette took me to an ex-government
20 employee who does this. I was told that he was an
21 ex-government employee.

22 Q Let me see if I can understand this polygraph
23 test better.

24 I gather it was your feeling that it would be
25 to the benefit of No. 1 if he were subjected to a

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polygraph test?

A Not that

and I just wanted to make sure that he has no connection with the people, and when we satisfied ourselves, I believe the CIA, to make doubly sure he is not engaged with them,

So it was really for his protection, our protection -- I like, whenever possible, to do things right.

Q I'm going to show you what has been marked
Deposition Exhibit No. 26.

(Deposition Exhibit No. AH-26
was marked for identification.)

BY MR. WOODCOCK:

Q I am going to ask you if you would direct your attention in particular to the last paragraph of that document.

You have had an opportunity to review Deposition Exhibit No. 26, is that correct?

A You focused my attention only to the last paragraph.

MR. JANIS: Read the whole thing, not just the last paragraph.

BY MR. WOODCOCK:

Q Now, I gather you have read the entire document,

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1 is that correct?

2 A Yes, sir.

3 Q You were asked earlier questions by Mr. Liman
4 with respect to the provision of medical supplies to
5 Iran. Do you recall those questions?

6 A Yes, sir.

7 Q At that time you described the medical supply
8 enterprise that you were embarking upon as being something
9 that was separate from the development of the second
10 channel, is that correct? Strike that. Let me rephrase
11 that.

12 You described the medical supply enterprise
13 with Iran as being something separate than a U.S.
14 Government interest in the second channel, is that correct?

15 A What I tried to describe was that I supported
16 a penetration into Iran through supply of medical business
17 in Iran. I said that was a good way to get into the
18 Iranian network quickly, efficiently and gain some credit.

19 Q That is really what I'm driving at. I'm trying
20 to clarify this point.

21 Much earlier in your testimony you testified
22 that you believed that the best way to enter Iran was
23 through commercial means, is that correct?

24 A I still believe so.

25 Q The medical enterprise you are describing

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1 would be one way of doing that, is that correct?

2 A That is correct.

3 Q The entry into Iran would benefit a businessman
4 and the Government of the United States if the Government
5 of the United States were associated with that venture, is
6 that correct?

7 A That is correct.

8 Q Is it true that at this point, July 11, do
9 you see the medical enterprise as something that could
10 join with your effort to benefit the United States through
11 opening a second channel?

12 A Yes. As a matter of fact, I am still pursuing
13 it now.

14 Q When you say that you are still pursuing it
15 now, you are pursuing it both for your own benefits and
16 for possible benefits to the United States, is that
17 correct?

18 A I have no idea what the United States' plans
19 are. I am doing it strictly as a private businessman.

20 Q At this point, you were pursuing it both for
21 the benefit of yourself and possibly the United States,
22 is that correct?

23 MR. LIMAN: At which point?

24 BY MR. WOODCOCK:

25 Q July 11th.

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1 A Yes.

2 Q You met with the second channel on August 25,
3 1986, in Brussels, Belgium, is that right?

4 A We met with the so-called, a relative, yes.

5 Q Now, Brussels is a large transshipment point for
6 medical supplies to Iran, isn't that true?

7 A I believe that is -- what is it, Exhibit 7 that
8 dealt with the telexes in connection with the medical
9 supplies. I believe if we examine that it is Brussels
10 and that is where they are headquartered, yes.

11 Q By that time had you actually sent any medical
12 supplies to Iran?

13 A No.

14 Q When you met with the second channel in -- on
15 September 19 and 20 in the area of Washington, D.C., I
16 believe in the STTGI offices, had you by that time sent
17 any medical supplies?

18 A No, sir.

19 Q When the TOW shipment was sent out in early
20 November of '86, did three pallets of medical supplies go
21 with it?

22 A Not to the best of my knowledge.

23 Q There were discussions, however, that three
24 pallets of medical supplies would be sent out at approxi-
25 mately that time, is that true?

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1 A According to the agreement, the 9-point agreement,
2 I think it was to be sent -- if we can refer to that,
3 I think it was the next step, if I am not mistaken.

4 It is clearly stipulated in the 9-point agreement
5 as to when those pallets should have been sent.

6 Q Were those to be sent through a company of yours or
7 through the U.S. Government?

8 A It was supposed to go together with the weapons.

9 Q Do you know whether at any time Lieutenant Colonel
10 North would have been under the impression that medical
11 supplies were being provided to Iran in the fall of 1986
12 that would have been coming from your organization or from
13 one of your companies rather than the U.S.?

14 A By then, the second channel was opened, and there
15 was no longer a follow-up on my original scheme of which
16 I had started with that group, referring to Exhibit 7, is
17 it -- see, I started -- the telex and so forth.

18 MR. WECHSLER: Exhibit 7.

19 THE WITNESS: I started with my scheme of penetration
20 and before I had a chance to completely develop that, the
21 disappointment with channel 1 occurred. So, we had to short-
22 cut and go to the second channel and not any longer pursue
23 my scheme of medical and hospital supplying.

24 So, when the pallets got ready, and at the same time
25 channel 2 was opened, and then at the same time the 9-point

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193

1 agreement was reached, so it was going to go as part of the
2 U.S., if you will, gift to the Iranians.

3 BY MR. WOODCOCK:

4 Q So, at that point there would have been no under-
5 standing that these medical supplies would have been coming
6 through one of your companies; is that true?

7 A The Iranians would have understood that it would be
8 coming from the U.S. Whether it would go through my
9 companies or not, their understanding was that it was a gift
10 from the U.S. Government.

11 Q Let me turn back to deposition Exhibit No. 8.

12 In your earlier testimony, you said that the three
13 continental divisions there -- South America, the Middle East,
14 and Africa -- included Africa because of the possibility
15 of some operations in Angola; is that true?

16 A I believe what I testified was that I heard --
17 overheard Angola mentioned -- in this whole process sometimes
18 jokes and serious matters were mixed, and there was a talk
19 that if we were successful, who knows, we may go to Angola
20 next.

21 Q Do you recall who it was that made that remark?

22 A It could be out of General Secord and/or Ollie North.

23 Q I gather you took the joke serious enough to at
24 least make room for it on the chart; is that true?

25 A I didn't take it seriously. I have seen so many

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194

1 abnormal movements that I wanted to be ready for it.

2 Q Do you recall in September of 1986 entering into
3 discussions with Charles Allen with respect to an attempt by
4 the Iranians to purchase TOW missiles through [REDACTED]?

5 A I know I had -- this is a face-to-face meeting you
6 are referring to?

7 Q I believe they are telephone conversations. I don't
8 know whether it involves a face-to-face meeting, as well.

9 A That makes more sense, because I had only one
10 face-to-face meeting with Mr. Allen, and then a lot of
11 telephone conversations with him.

12 And the conversations related to the group that
13 I still believe had to do with the first channel that was
14 trying to discredit us by saying that they had TOW missiles
15 packed, ready to be shipped, and there was an Iranian in
16 [REDACTED] who apparently had the mission through a different
17 faction to provide these TOWs, and we were pursuing that.

18 Basically, if there is any conversation, telephone
19 conversation between Charley and I, I have been giving him
20 information to follow up so we could understand where we
21 were going.

22 Q Now, I gather when you say that this was the group
23 that supported the first channel, you are speaking of a
24 political group within Iran; is that true?

25 A No, I am talking about Mr. Ghorbanifar and his gang.

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1 Q I gather they had some connections with people in
2 Iran; is that true?

3 A My understanding was that while we were -- what is
4 the date of this?

5 Q This would be approximately in September of 1986.

6 A I believe by then they had smelled this -- channel
7 one being Ghorbanifar -- that something was going wrong for
8 them.

9 Q This is whom? The people in Iran?

10 A No, Ghorbanifar.

11 Q You are saying that by this time Ghorbanifar
12 had figured out that he was having problems because you had
13 developed an alternate, a better channel?

14 A He felt things. There is a whole [REDACTED]
15 and a story about this [REDACTED] If I would want to
16 talk about that it would take a good 15 minutes.

17 Q I am not interested in that.

18 A There is a relationship, in my opinion, between
19 Ghorbanifar, Khashoggi, [REDACTED] and the fellow in Spain
20 that we were trying to follow.

21 Q Were you concerned that there really was a possible
22 shipment coming out of [REDACTED] or did you think it was all
23 made up?

24 A I was being told that it was all made up and the
25 purpose was to discredit channel 2.

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196

1 Q You referred just a moment ago to [REDACTED] that
2 centered on this [REDACTED] centered TOW transaction --
3 how do you know there were [REDACTED]
4 [REDACTED]

5 A I asked Charley to do it.

6 Q You asked Charley to seek [REDACTED]
7 [REDACTED]

8 A I used to give him [REDACTED]
9 [REDACTED]
10 [REDACTED] and so on.

11

12

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197

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5:45

CAS-1

A10

BY MR. WOODCOCK:

Q Did you and he then discuss the results of the

A I don't know whether he discussed it with me or with General Secord. Mostly it was a one-way communication with Charlie, I give him the information, whatever the results of the investigation would be would go into their system.

Q How did you happen to meet Charles Allen?

A I believe this telephone number first was given to me when George Cave had to leave town and asked me to contact him if I had anything that had to go to the CIA.

Q Do you recall when that would have been?

A Definitely during the time that I became more active and that had to do with the second channel.

Q So the summer of 1986?

A Right.

Q You say you had one point at which you met him face-to-face; is that right?

A Yes, he came to STTGI.

Q How did that come about?

A He had questions or difficulties in -- my understanding was that he was an analyst and he had problems in understanding certain events. He came to get my opinion. To see if I could figure -- I don't remember what the subject was -- but he wanted to see what was my analysis of the

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CAS-2 1 situation or maybe he used that as an excuse just to meet
2 me and see who I am.

3 Q What situation are you talking about?

4 A There were certain things happening with the
5 project that he wanted to understand better.

6 Q This is the second channel opening?

7 A Second channel, yes.

8 Q When you met with the second channel in Brussels,
9 did you bring up the subject of the proposed joint commission
10 between the United States and Iran?

11 A Oh, that came much later.

12 Q Do you recall whether that would have come up in
13 the context of the meeting in the Washington, D.C. area?

14 A I believe it was even later. It might have
15 touched on -- we might have touched on it in September, but
16 I don't remember. But seriously, it was discussed after we had
17 further meetings.

18 Q Do you recall whether it was the second channel
19 who proposed that idea?

20 A Who?

21 Q Was it the second channel who proposed the idea of a
22 joint commission or did that come from the American side?

23 A I really don't know how it came about. It could
24 have been my idea. As I mentioned, after the meetings I had
25 also an analysis and preparation assignments with the Iranians.

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CAS-3 1 I could have suggested that or it could have been there. Let's
2 draw a line between the joint effort that I am talking about
3 and probably the joint effort that you are talking about.
4 We may be talking about two different things.

5 Q Whv don't you describe the joint effort that you
6 are talking about.

7 A The joint effort that I was talking about had
8 commercial element in it. There was also discussion that I
9 think came up in September that had to do with the politico-
10 military joint effort that they should meet regularly and do
11 things as such.

12 Q That is really what I am centering on. This is a
13 formal joint commission between Iran and the United States.

14 A Okay. I am with you now.

15 Q All right. Do you recall whether it was the second
16 channel and his side that proposed that or was it the
17 United States?

18 A I think it was an evolution. The way it developed
19 they said that they cannot communicate without having
20 secure communication.

21 Q This is both sides saying that?

22 A Both sides saying that we need to have
23 secure communications. That developed into a proposed plan
24 that there should be a joint commission, committee with
25 people meeting regularly and even for us to send communication

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CAS-4 1 people from the agencies to sit there and things like that,
2 just an evolution.

3 Q Do you recall Mr. North and Mr. Secord and
4 Mr. Cave at some point being designated as the people who
5 would represent the American side on that joint commission?

6 A Yes.

7 Q Do you recall whether the person who is referred
8 to as number two in Deposition Exhibit number 20, I think
9 it is, yes --

10 A Can I see that?

11 Q Yes, go ahead.

12 A Yes.

13 Q Do you recall whether number two was ever
14 designated by anyone on the Iranian side as being a
15 potential member of that commission?

16 A Not that I recall. To the contrary, I --

17 Q Your recollection would be that he would not have
18 been so designated, is that correct?

19 A Correct.

20 Q When you testified earlier about being indebted
21 to persons who had assisted you in opening up the second
22 channel, was number one and number two among those?

23 A Partially, yes.

24 Q When you say "partially", what do you mean by that?

25 A I also testified that certain maneuvering had to go

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CAS-5 1 on in Iran to bring the different factions together.

2 Q I see what you are saying. In addition -- there are
3 people in addition to number one and number two, is that
4 true?

5 A Yes.

6 Q Let me turn now to the subject of number two. Was
7 he somebody that you knew in Iran?

8 A No.

9 Q Was he somebody that you met following the
10 revolution?

11 A No -- well, the answer is yes, but I met him through
12 number one.

13 Q Did you have any knowledge of him before you met
14 him through number one?

15 A No.

16 Q And I gather that you met number two in connection
17 with the opening up of the second channel?

18 A That is correct.

19 Q There was a meeting held in Frankfurt on October 29
20 and 30 of 1986 which according to our records you attended.
21 Do you recall that meeting?

22 A You say in Mainz?

23 Q Yes.

24 A Yes.

25 Q Do you recall that meeting?

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CAS-6

1 A Yes.

2 Q How would you describe your role in that meeting?

3 A I would say I was less active than the meetings
4 that the "Engine" participated in. The "Engine" did not
5 participate in that meeting.

6 Q Do you recall at any time giving advice to North
7 as to how he should -- how he might proceed with his
8 negotiations with the Iranians?

9 A I know that I had done that, but I don't know
10 whether it occurred during this meeting as well or not.

11 Q Let me ask you to focus on this particular period
12 of time, what was your perception of how the hostage problem
13 should be resolved?

14 A I did not approve of Colonel North's focusing
15 on hostages. My suggestion was that you should low key that,
16 you should not show any interest or hunger in getting the
17 hostages back because his prime objective at that time was
18 to support the President in connection or the Republicans
19 for the elections, and I found that to be counter-productive
20 and, like I said, that is not a good negotiating tactic. You
21 should low key that and then to the contrary tell them you
22 are not interested in that.

23 Q Did you suggest to them any kind of a mechanism that
24 might be used to address the hostage problem at this time?

25 A I vaguely remember, but I can't recall what it was.

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CAS-7 1

Q Okay.

2

A If you have anything that can refresh my mind,

3

maybe I can see it.

4

Q I probably do, but I am not sure I can show it to

5

you.

6

Let me -- that is all right. I will drop that and

7

turn to another subject.

8

When you became involved with the negotiations that

9

occurred in Frankfurt on February 25, you recall that,

10

I gather?

11

A This is the first channel?

12

Q Correct.

13

A Yes.

14

Q This is the negotiation in which you appeared in

15

disguise?

16

A Yes.

17

Q You testified earlier I think that you believed that

18

you had some photographic representations of yourself in

19

disguise; is that right?

20

A Yes.

21

Q Did you have an opportunity to see whether you had

22

those in your records in California or elsewhere?

23

A I searched for them without any success, but I am

24

almost certain I have it, but there was not enough time for

25

me to look for it. I will continue to search for it.

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CAS-8

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I would appreciate that if you would.

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CAS-10 1

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Q I believe you also testified that when you went to Frankfurt in February 1986 you were pressed into attending both the military briefing and the political discussions; is that right?

A That is correct.

Q What role did you serve in the military briefings?

A I interpreted.

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CAS-11 1

Q Interpreted for General Secord, is that right?

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A And also the CIA official. He was there for part

3

of the time.

4

Q Did he assist in the briefing?

5

A Yes, he opened the briefing. He started briefing

6

then he had to catch a plane and he left and General

7

Secord continued.

8

Q So it was General Secord, you for a certain period

9

of time, the CIA person, and he left?

10

A Yes.

11

Q Was the "Engine" present at that meeting?

12

A Yes.

13

Q Did he also attend the political discussions?

14

A No.

15

Q And the "Engine" himself had one or two people with

16

him; is that right?

17

A As a matter of fact, he sat back and he did not

18

appear to be an "engine", he was an observer.

19

When I met him again that is when I found out.

20

Q Now, after that political discussions and the

21

military briefing were concluded, did you meet the next

22

morning with the Iranians, you and General Secord?

23

A I know that when [REDACTED] was whispering to my

24

ear, General Secord was present in the lobby there, but I

25

cannot specifically remember having a meeting that

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CAS-12 1 General Secord also appeared in.

2 I don't remember that. But I know General Secord
3 met [REDACTED], if he had not met him before -- which I don't
4 think he had -- when I was in the lobby with Mr. Secord.

5 Q You have also testified that you had several
6 conversations -- I don't want to mis-state this, but my
7 recollection is that you said many, many conversations with
8 [REDACTED] in March of 1986. Is that true?

9 A Yes. The document that I produced today is dated.
10 Is that March?

11 MR. GAGNE: March 28, yes.

12 THE WITNESS: Yes.

13 MR. GAGNE: Exhibit 16.

14 BY MR. WOODCOCK:

15 Q All right.

16 A I believe there were conversations before that,
17 so probably mid-March.

18 Q Where was the phone drop that [REDACTED] would call?
19 Where was it physically located?

20 A In STTGI. We established a separate line for him
21 to use.

22 Q Do you recall how that was answered? Someone would
23 pick up the phone and what would the answer be?

24 A The telephone was hooked up in my room and
25 Mr. Secord's room only, so only one of us could have picked

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CAS-13 1 up the phone.

2 Q Let me back up and then ask the question differently.
3 When you appeared before [REDACTED] in February of 1986, you were
4 described as a U.S. Government employee with an interpreter
5 for the President, I think is what you were called; is that
6 correct?

7 A Right.

8 Q When this phone drop was arranged, I gather that was
9 arranged to perpetuate your role as the interpreter for the
10 President; is that right?

11 A Just to maintain continuity. There was no one
12 else to talk to him.

13 Q But you perpetuated your role as being an employee
14 of the President; is that correct?

15 A I never denied the representation that was made,
16 but the focus of the phone calls is as shown in that exhibit.
17 Just bargaining back and forth.

18 MR. LIMAN: Can we go off the record just a
19 second?

20 (Discussion off the record.)

21 MR. WOODCOCK: Mark this as Exhibit 27.

22 (The document referred to was marked for identifica-
23 tion as A.H. Exhibit 27.)

24 BY MR. WOODCOCK:

25 Q Let me direct your attention to what has been marked

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CAS-14 1 as Deposition Exhibit number 27. Take a moment if you would,
2 to read that.

3 MR. WOODCOCK: Let me go off the record.

4 (Discussion off the record.)

5 MR. WOODCOCK: Back on the record.

6 BY MR. WOODCOCK:

7 Q Let me ask you questions about this exhibit now.

8 Mr. Hakim, I am showing you what has been marked
9 as Deposition Exhibit number 27, and I have gone off the
10 record to read it to you with you following along as some of
11 the lettering is not crystal clear.

12 Are you satisfied with the reading that I have just
13 performed of this exhibit?

14 A Yes, I am.

15 Q Let me ask you a couple questions about this. First
16 let me ask you if you recall this conversation as it has been
17 recounted in here in Deposition Exhibit 27?

18 A I --

19 Q What I am saying is this purports to recount a
20 conversation that you had with [REDACTED] over the telephone.

21 A Right. That is correct.

22 Q Does the substance as it appears in Deposition
23 Exhibit 27 square with your recollection of the conversation
24 that you, in fact, had with [REDACTED]

25 A I can't recall. Let me go back and correct myself.

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CAS-15 1 It -- the direction of this exhibit is similar to the
2 direction of the phone calls I had with [REDACTED]. I find one
3 thing in here which is not in line with -- actually, there
4 are two things here that are not in line with what I recall
5 from my conversations with [REDACTED].

6 Q All right. Would you point those out, please?

7 A One was the place of meeting was Qish Island
8 and not Kharg. So that discussion probably -- I don't know
9 how to account for that.

10 MR. LIMAN: I think that is just a mistake because
11 the documents, the other documents show that it was Qish,
12 not Kharg.

13 THE WITNESS: Okay.

14 Then I do not recall at any time [REDACTED] saying that
15 Mr. [REDACTED] would participate in the meeting and yet I do
16 not find that to be out of the ordinary if they are bargaining,
17 they try to impress us. But at this time I don't remember it
18 as a point that I would have believed and focused on.

19 BY MR. WOODCOCK:

20 Q Let me ask you some questions about what may square
21 properly with your recollection. Do you recall a
22 discussion at this period of time that a high level meeting
23 was in order or was in the works?

24 A Definitely.

25 Q Do you also recall as part of the discussions at

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CAS-16 1 this point in time that 3,000 TOWs were also being
2 discussed?

3 A My understanding -- I don't know where I got this
4 understanding -- it is very possible I got this understanding
5 even through listening to testimonies. But that the total
6 number of TOWs that were approved to be sent was 3,000.

7 Q All right. Let me back you up. Did you have an
8 understanding at this point that 1,000 TOWs had already been
9 transported to Iran?

10 This is following the February 25 meeting.

11 A I don't recall that I was aware that the shipments were
12 made. The only way that I could relate to this is if I go
13 back and check the payments into our accounts because I don't --

14 Q Perhaps I can put the question differently. I
15 don't want to dwell on it, but as best you recall there was a
16 figure of 3,000 TOWs at one point, is that correct?

17 A Yes.

18 Q And I gather what you are saying is you are not
19 sure at this time whether 3,000 was still available or whether
20 just 2,000 would be available; is that correct?

21 A Yes.

22 Q But it would be either 3,000 or 2,000 to the best of
23 your recollection; is that right?

24 A Right.

25 Q And this is information, I gather, that you would

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CAS-17 1 then have conveyed directly to General Secord or directly to
2 Oliver North?

3 A To the best of my recollection, it was okay when I
4 gave them the tape. I would give them a brief report on what
5 went on and tapes were prepared and I gave them the tapes.

6 Q So I gather to the best of your recollection at
7 this point you are not directly calling up North and saying I
8 just spoke with [REDACTED] and he said the following?

9 A I don't believe I ever did that.

10 Q Did you ever do that with General Secord?

11 A Oh, all the discussions with [REDACTED] was while I was there
12 and Secord was there.

13 Q Let me show you another exhibit, if I may. This is
14 going to be marked as Deposition Exhibit number 28.

15 (The document referred to was marked for identification
16 as A.H. Exhibit 28.)

17 BY MR. WOODCOCK:

18 Q I simply want to direct your attention to one
19 paragraph of this document, the last paragraph on the
20 first page.

21 MR. JANIS: Off the record.

22 (Discussion off the record.)

23 BY MR. WOODCOCK:

24 Q Just look at the last dot.

25 A This is what now?

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CAS-18 1

Q 1985.

2

A September 1985.

3

Q Let me become a witness here for the moment to give

4

you a little bit of background on this exhibit. This

5

exhibit which has been marked number 28 is what has become

6

known as the famous undated memorandum or the diversion.

7

memorandum and was found in the offices of Lieutenant Colonel

8

North.

9

The best date people have been able to place on this

10

is sometime within the first week of April 1986, perhaps

11

April 4. My question to you is that again, focusing on the

12

figure of 3,000 TOW missiles by this point -- this is

13

perhaps ten days after the phone conversation that you have

14

just testified to that was set forth in Exhibit 27 --

15

is it your understanding that that in early April they are

16

still talking in terms of 3,000 TOWs as a possible part of the

17

Iran arms transactions?

18

MR. JANIS: Do you understand the question?

19

THE WITNESS: I am not sure. Where is the focus of

20

the question?

21

MR. JANIS: Is the question, did he, assuming

22

this was in April 1986, did he still understand in

23

April of 1986 that they were talking about 3,000 TOWs that were

24

going to be shipped to Iran?

25

MR. WOODCOCK: Correct.

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CAS-19 1 THE WITNESS: Are you assuming that I -- during
2 that time Cave had not come aboard?

3 BY MR. WOODCOCK:

4 Q No. I am not assuming that. As a matter of fact,
5 I think the record would show that George Cave joined the
6 Iranian initiative sometime around March 7 or 8 of 1986.

7 MR. LIMAN: What is the relevance to that point,
8 that you dropped out in terms of being privy to some of the
9 information?

10 THE WITNESS: That is what I am trying to say. If
11 he came in that early, then why was I still receiving the
12 calls -- that is a question I ask myself -- on March 27. If
13 he came in that early --

14 MR. JANIS: He is talking about the telephone
15 call.

16 THE WITNESS: So it means there was a period of
17 time that Cave and I worked together.

18 BY MR. WOODCOCK:

19 Q Well, it is a good question that you are asking
20 yourself.

21 A During the first channel. And I don't recall that.

22 Q In other words, you don't recall working with
23 George Cave; is that correct?

24 A During the first channel.

25 Q But you do recall that you had a period when --

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CAS-20

1 A I am not eliminating that possibility, but I don't
2 recall it.

3 Q Let me ask you this: you do recall that there was
4 a period of at least a few weeks following the February
5 25 meeting where you did answer the phone calls at the phone
6 drop from [REDACTED] is that correct?

7 A Yes.

8 Q To the best of your recollection, although George
9 Cave may have been brought into the operation by then, you
10 were not dealing with him; is that right?

11 A Yes.

12 Q Now, again, going back to my question as
13 restructured by Mr. Janis, do you recall at this period of
14 time -- we are assuming this is early April 1986 -- that
15 3,000 TOW missiles were still being considered as part of a
16 possible arms deal with Iran?

17 A I am afraid I can't help you with that because I
18 don't have any continuity to help me to answer that question.

19 Q Let me ask you a different question. Would you
20 take a moment and simply look through this memorandum from
21 start to finish and feel free to take as much time as you would
22 like.

23 MR. LIMAN: And he will be asking whether you
24 ever saw that memorandum before.

25 MR. JANIS: I assume because a large portion of this

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CAS-21 1 was-quoted in the Tower Report, you would mean prior to the
2 time of the Tower Report.

3 MR. WOODCOCK: Correct.

4 MR. LIMAN: Prior to that time.

5 MR. LIMAN: Off the record.

6 (Discussion off the record.)

7 THE WITNESS: If I become convinced after looking at
8 two pages that I have not seen this thing, you still want me to
9 go through this?

10 BY MR. WOODCOCK:

11 Q Well, that is okay.

12 A Here I see 200 Phoenix's and harpoons and all this.
13 That immediately tells me that I have never seen this before.

14 MR. LIMAN: Did you ever see any memorandum
15 generated by the NSC that refers to using the proceeds of the
16 arms sale for the contras?

17 THE WITNESS: Not that I can recall.

18 MR. LIMAN: This memorandum does refer, if you look
19 at -- I will show you which page -- it does refer to those,
20 the diversion. It refers to the fact that out of the proceeds
21 will be a need to purchase critically needed supplies for the
22 contras.

23 THE WITNESS: This is what Mr. Meese referred to.

24 MR. LIMAN: That is the famous diversion memo. Had
25 you ever seen any memoranda of Ollie North's that referred

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CAS-22 1 to that?

2 THE WITNESS: Not that I can recall, no.

3 MR. LIMAN: Did he ever tell you that he, Oliver
4 North, anticipated that he would get \$12 million from the
5 Hawk parts sale in May to use for the contras?

6 THE WITNESS: I never recall such a thing. I
7 can't recall such an intimate discussion from him.

8 MR. LIMAN: Or from General Secord?

9 THE WITNESS: I don't recall that.

10 MR. LIMAN: Thank you.

end #10 11

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1 MR. WOODCOCK: I have, I think, just one more question
2 that I want to direct to you on the subject of Exhibit Number
3 28, and that is if you would refocus your attention on the
4 second page of this document to the second complete paragraph,
5 beginning with the words "From March 9 until March 30", read
6 that entire paragraph, if you would.

7 (Witness reviewing document.)

8 THE WITNESS: Yes.

9 BY MR. WOODCOCK:

10 Q This paragraph contains in it what appears to be
11 a summary of the earlier summary of your phone conversation
12 with [REDACTED] that has been set forth in Exhibit Number 27; is
13 that the way it appears to you?

14 A Yes, and then this also reminds me of a phone call
15 that they initiated.

16 Q When you say they --

17 A [REDACTED] group. See, if you go back to this, there is
18 something here that rings a bell. It says on March 26, blank --
19 that probably refers to [REDACTED] -- or somebody who works for him,
20 I can't remember his name --

21 Q I have the document in front of me without the
22 deletions, and I can tell you for the record it refers to [REDACTED]
23 at that blank point.

24 A [REDACTED] or one of his men --

25 MR. JANIS: He said it was [REDACTED]

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1 THE WITNESS: I remember him chasing me, looking for
2 me. He never called -- he always called, as I remember, and
3 this was one phone call that he made after some time that we
4 had silence, and he wanted to know what was happening. So,
5 yes, the answer to your question is that possibly, yes, this
6 is that same phone call.

7 BY MR. WOODCOCK:

8 Q The one that was referred to in Deposition Exhibit
9 Number 27?

10 A Yes, possibly.

11 MR. LIMAN: Could I interrupt for a moment?

12 BY MR. LIMAN:

13 Q Were you ever asked, Mr. Hakim, to make any provision
14 out of the transactions with the second channel to repay
15 Ghorbanifar or Khashoggi?

16 A The answer is no, but there was a lot of effort --
17 we knew where the phone was, and we made a lot of effort to
18 get that released.

19 Q You say you knew where the money was -- what do you
20 mean by that?

21 A At least I knew where the money was.

22 Q What do you mean by that?

23 A The Iranians had it, and they refused to pay. The
24 so-called lost \$10 million that Khashoggi never got paid, the
25 Iranians told me they had it, and they refused to pay because

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1 they were over-charged by Ghorbanifar. And at one point, when
2 I insisted that they may damage our relationship, he joked
3 about it and said if he really wants it that bad, let him
4 come to Tehran and collect it.

5 Q Was he referring to Khashoggi or Ghorbanifar?

6 A Ghorbanifar.

7 BY MR. ZANARDI:

8 Q Did you tell Mr. Secord where the money was?

9 A I believe I told them all. I believe there is also
10 information confirming that.

11 Q Was there ever any consideration of using any of
12 the enterprise reserves to meet this requirement?

13 A Not that I know of. We never had anything close
14 enough to meet that obligation. From what I know, it was a
15 \$10 million requirement. And I also remember that I was
16 threatened to be sued by Mr. Khashoggi because of Lake
17 Resources.

18 MR. LIMAN: Thank you.

19 BY MR. WOODCOCK:

20 Q Let me direct your attention to Number 28, the
21 paragraph I asked you to read. That contains in it a reference
22 to -- let me quote it -- a reference to [REDACTED] saying he,
23 [REDACTED], was informed by our Farsi speaking interpreter that
24 the conditions requiring additional material beyond the 3,000
25 TOWs were unacceptable and that we could in no case provide

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1 anything else prior to release of our hostages. Does that
2 sound like a conversation you participated in?

3 A Yes. That rings a bell. I recall getting per-
4 mission to play hard ball.

5 Q When you say you got permission, where did you go
6 to get permission from?

7 A I think I asked Richard, you really should cool it
8 when these people say that is it, we can't do it, and he
9 said fine.

10 Q By Richard means you went back to General Secord?

11 A Yes.

12 Q You conveyed that on to [REDACTED]?

13 A I think Richard checked with Ollie or CIA and told
14 me. I am not suggesting that this happened during the phone
15 conversation. Our policy was if they call, we should cool
16 it, and if they call, we should hold our position.

17 Q I want to be clear, because the memorandum reads as
18 though you have, in fact, conveyed this position to [REDACTED]

19 A That is what I am saying. I am saying that prior
20 to this conversation, I recommended that we take a hard posi-
21 tion if they call.

22 Q And your recollection is that you inquired of General
23 Secord as to whether this was all right, and there was a lapse
24 where General Secord talked to somebody and then came back
25 to you and gave you the okay, is that correct?

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1 A Yes. And when this unexpected call came in, I took
2 the hard line position with them.

3 Q Do you recall what [REDACTED]'s reaction was to that?

4 A I can't remember. I can't speculate.

5 (Recess.)

6 BY MR. WOODCOCK:

7 Q Mr. Hakim, I want to shift topics with you, if I
8 may. Do you recall in the spring of 1986 assisting drug
9 enforcement agents in an effort related to the hostage rescue?

10 A Yes.

11 Q What do you recall about that?

12 A First, I recall making the money available to them.
13 I believe the amount was \$30,000.

14 Q Let me stop you right there. Do you recall ap-
15 proximately when that would have been?

16 A I believe we restructured that date in the testimony.
17 I don't remember that. We went through the exercise when I
18 testified that that was during the time that I rented a
19 furnished apartment, and it occurred at the same time that
20 Secord was in TelAviv.

21 Q That is fine. And you are talking, then, about late
22 May, 1986, is that correct?

23 A Yes.

24 Q You say you gave \$30,000. At whose direction did
25 you provide the \$30,000?

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1 A Secord.

2 Q Do you recall who it was you provided it to?

3 A I believe --

4 MR. WECHSLER: He testified, the names are in the
5 record.

6 BY MR. WOODCOCK:

7 Q [REDACTED] is that correct?

8 A I believe that is the gentleman. And I also
9 coordinated the movement of the ship, Erria, that was in the
10 region.

11 Q Who did you coordinate that with?

12 A Through the shipping agent, Tom Parlow and also
13 what I was doing was Tom Parlow, Tom Clines, and if I am not
14 mistaken, I don't remember when it happened, the captain was
15 also telephone patched to me. It is possible. It may have
16 happened during a different mission, but it could have been
17 this one, but the coordination between the ship, Tom Clines,
18 Parlow, also I believe getting money to the captain because
19 he had to pay some port fees was part of that.

20 Q Part of the \$30,000?

21 A No, separately, maybe I arranged it through Parlow
22 to telex it. The basic coordination.

23 Q Did you know where this operation was being run from,
24 where it was headquartered?

25 A You mean where the DEA and Tom Clines and so forth,

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1 were?

2 Q Yes.

3 A Oh, yes.

4 Q And I gather you knew that Clines, himself, was in
5 [redacted] too?

6 A Oh, yes. I had the telephone number of the hotel.
7 I called them. They called me.

8 Q Did you have much advance notice of this DEA opera-
9 tion?

10 A No.

11 Q Did you know that a DEA operation was under consider-
12 ation before you were actually called by General Secord in
13 late May of 1986?

14 A No.

15 Q Do you recall having -- making any other disburse-
16 ments other than the \$30,000 disbursement that you discussed
17 and the telex disbursement that you have discussed to DEA
18 agents at an earlier time than May of 1986?

19 A Something tells me that there was also a \$5,000, and
20 I cannot remember. It is possible that there was --

21 Q Do you have any recollection, if there was a \$5,000
22 payment, when that might have occurred?

23 A No, I cannot remember. I am sorry. But I believe
24 there was another payment.

25 Q Do you recall when you met Mr. [redacted] in May of 1986,

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1 was that the first time you had met him?

2 A And I believe the only time. I don't remember
3 whether I met him again.

4 Q Do you recall whether you spoke to DEA agents by
5 the name of [REDACTED] or [REDACTED]

6 A I believe so.

7 MR. JANIS: He testified to that.

8 BY MR. WOODCOCK:

9 Q Even the name, [REDACTED]

10 A I believe so, by first name. I was supposed to also
11 get a message to him when he landed [REDACTED] It is so
12 intention, I cannot separate them. I remember we were waiting
13 for [REDACTED] to arrive --

14 Q We, being --

15 A The whole team, Tom Clines, myself, and it is very
16 possible that we got the money to him.

17 Q Got the money to [REDACTED]

18 A It is possible. I am not sure. But I recall that
19 I was on notice about the arrival of [REDACTED] Did he come from
20 the States? Is he stationed in the U.S. [REDACTED]

21 Q Yes, he is.

22 A Then he was supposed to come to Europe, and I believe
23 he came to Europe. He came [REDACTED]

24 Q And your recollection is that Tom Clines was present,
25 and you were present?

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1 A Tom came to my apartment, took a shower, got his
2 instructions, and I leased a plane for him, and he immediately
3 went to [REDACTED] He was already there. He was stationed there
4 to supervise the work of these people because Richard said
5 that he would not rely on them.

6 Q And this is all part of the May, 1986 operation?

7 A To the best of my recollection.

8 Q You think also the \$5,000 payment was connected
9 with the May, 1986 operation?

10 A I cannot be sure about that.

11 Q Did you have any contact or association with the
12 DEA effort to use the services of a person who passed himself
13 off as a Saudi Prince?

14 A Yes, Masoudi.

15 Q Masoudi?

16 A Yes.

17 Q What do you recall about that?

18 A I acted as Richard Secord's interpreter and met this
19 guy in Hotel DeBergues in Geneva.

20 Q Do you recall when that was?

21 A I believe, if we go to that famous ledger, there is
22 a payment to this man that should identify the time.

23 Q And to the best of your recollection, that reference
24 on the ledger would fix the approximate time?

25 A Probably a week before that.

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1 Q Did you have an understanding from General Secord as
2 to why it was that he was meeting with Masoudi?

3 A I knew very well why he was meeting with him;
4 because he claimed that he was in a position of making a huge
5 contribution through sales of gold for the benefit of the
6 contras. It was one of those too-good-to-be-true cases,
7 another Marostica.

8 Q When you met with him, did you have any understand-
9 ing, in addition to your understanding with respect to the
10 contras, that Masoudi might provide assistance in the gaining
11 of release of any American hostages in Lebanon?

12 A I don't recall that subject coming up. I don't
13 recall that. Richard wanted me to basically assess the guy,
14 not only interpret -- he said there was something fully going
15 on between this guy and someone who was his case officer,
16 and the government employee being this case officer, and he
17 wanted me to come and check to see what was my assessment of
18 the guy.

19 Q Was this the only time you met Masoudi?

20 A Yes, to the best of my recollection, it was the
21 only time.

22 Q I gather your assessment of him was unfavorable?

23 A That is correct.

24 Q You passed that on to General Secord?

25 A That is true.

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1 Q Were you or General Secord or anyone else present?

2 A No.

3 Q Did you ever meet Richard Miller in connection
4 with Masoudi?

5 A I don't know that I know Richard Miller.

6 Q You don't know that you have ever met Richard
7 Miller, is that correct?

8 A I don't recall meeting such a person.

9 Q Mr. Hakim, you know Theodore Shackley, do you not?

10 A Yes, very well.

11 Q How is it that you first met Mr. Shackley?

12 A Mr. Shackley was introduced to me through Tom
13 Clines, and I met Tom Clines through Frank Terpil.

14 Q Approximately when would that have been?

15 A My best guess would be '75, '76.

16 Q Now, after you met Mr. Shackley through Mr. Clines,
17 did you develop any kind of a social relationship with him?

18 A Let me correct that. Let me correct that. I think
19 it went from Frank Terpil to Wilson -- that is how it worked.
20 Terpil, Wilson, and through Wilson I met both Tom Clines and
21 Ted Shackley.

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1 1 Q That would then still have been in the 1975-74
2 period you just described?

3 A Yes.

4 Q Did you subsequently develop an a social
5 relationship with Mr. Shackley?

6 A No, not social. Business.

7 Q And I gather, did you at some point develop a
8 social relationship with Mr. Clines? Or was that all business?

9 A I normally don't have time for social relations,
10 I would have to miss work, but it all depends on what you
11 mean by social. Like have I attended parties or gone dancing
12 or chase girls? You know, we have drinks now and then over
13 business.

14 Q Did Mr. Shackley ever discuss with you the
15 possibility of your providing any assistance while you were in
16 Iran , to the CIA?

17 A When I met him?

18 Q When you first met him?

19 A When I first met him. That was the reason for
20 our meeting.

21 Q And this was the meeting that was made possible by
22 Mr. Wilson, is that correct?

23 A Yes.

24 Q And the purpose of the meeting was to see whether
25 you had any interest in providing assistance to the CIA, is

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that correct?

A No, for him to see if I could be of assistance to CIA. He wanted sort of to size me up.

Q What position did you take with respect to this?

A Favorable.

Q Do you recall whether he made any references to introducing you to any particular persons so that you might be of assistance to the CIA? This is in Iran, but not necessarily Iranians.

A No, what I was told later on by Mr. Wilson, and it is a very faint recollection, that someone would come and meet me, someone from the States would come and meet me.

Q While you were in Iran?

A Yes, but that never happened.

Q Did you know who it was, who would come to meet you?

A No.

Q During this period of time did you meet Mr. Cave?

A No.

Q When was the first time you met Mr. Cave?

A Related to the Iranian initiative.

Q That would have been then in 1986, is that right?

A Yes.

Q Was that the first that you knew of Mr. Cave?

A Yes.

Q What did you understand other than his role as

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1 introducing you to Mr. Shackley, was Mr. Wilson's role in this
 2 effort to see where you would assist the CIA?

3 A I am afraid I did not get the question.

4 Q Mr. Wilson made it possible for you to be intro-
 5 duced to Mr. Shackley, is that right?

6 A Yes.

7 Q In fact, he performed the introduction, is that
 8 right?

9 A Yes.

10 Q In addition to having introduced you to Mr.
 11 Shackley, do you have any understanding that Mr. Wilson had
 12 any other role in seeking your assistance for the CIA?

13 A Yes. He wanted to benefit from the deals that
 14 I would ^{conduct} ~~conclude~~ in Iran as a result of the support, possible
 15 support that I would get from the CIA.

16 Q Would you explain that for me, please?

17 How is it that Mr. Wilson would have something to
 18 benefit from? What was going to be generated that would
 19 have benefit to them?

20 A Let me give you an example that may set up a
 21 situation for you. There was a company based here in
 22 Washington called ITP -- International -- I can't remember
 23 what the rest of it is. International Technical products,
 24 I believe, and this company dealt with the same area that
 25 I was interested but I learned that the CIA opened a lot of

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1 doors for him. Consequently, he threw me out of a deal that
2 I started. I believe I testified to a transaction when I
3 was giving the names of the companies that I represented in
4 Iran, and the packages that I put together, systems, and so on.

5 I mentioned bringing, I believe, Texas Instruments, and
6 ITT and a bunch of companies together for a particular radar
7 system. I learned later that [REDACTED] that
8 I was cut out of the deal and another person replaced me in
9 dealing with ITP company, and consequently, I lost the
10 business. [REDACTED]
11 [REDACTED]

12 So that was the kind of relation that I was
13 looking for to get security to selling large systems.

14 MR. LIMAN: The question he wanted to know was
15 suppose that Mr. Wilson had gotten you the security?

16 THE WITNESS: He would have gotten part of my
17 commission.

18 MR. LIMAN: He would have gotten a piece of it.
19 Okay.

20 BY MR. WOODCOCK:

21 Q I gather the support you are talking about is
22 making introductions. Is it more than that?

23 A I don't know how the CIA operates but they leave
24 their fingerprints here and there.

25 Q Did you understand that it might involve introduc-
ing you to the right people and the right circumstances or

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what did you understand the support to be?

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A Somehow they leave a trace with the Iranian

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Governments that we like you to work with Albert, for instance,

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and the Iranians adhere to that.

5

Q Do you recall who it was, this person with ITP

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who cut you out of this bid effort?

7

A Yes.

8

Q Who was that?

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A Mahvi, a very well known person if you look into

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the files.

11

Q I gather that -- do you recall where it was that

12

you met with Mr. Shackley?

13

A In a restaurant. He bought me lunch.

14

Q Do you know where that was?

15

A In Washington, but I don't know where.

16

Q You have since done business with Mr. Shackley,

17

is that right?

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A For a short period of time when I was pursuing the

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same objective of seeing what is happening in Iran, I bought

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the services of Mr. Shackley's organization as consultant and

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they do analysis, you know, and I believe for a year or so, I

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retained him to assist me to see what I could do with the son

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of the late Shah.

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Q Was that your only business relationship with

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Shackley?

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1 A Yes, to the best of my recollection.

2 Q Did you discuss business with Mr. Shackley on this
3 contract that you actually retained him on?

4 A It is possible, but we never got to do anything
5 together.

6 Q Have you maintained contact with Shackley since
7 meeting him in '76 and beyond this commercial relationship
8 you just discussed?

9 A Not really, no. I might have called and said hello
10 to him on the phone.

11 Q When you were in the midst of the Iranian initiative
12 did you ever have a consultation with Mr. Shackley?

13 A No.

14 Q The Tower report has Mr. Shackley meeting with Mr.
15 Ghorbanifar in November of 1984 and making his own assessment
16 of Mr. Ghorbanifar. Have you ever talked to Mr. Shackley
17 about meeting with Mr. Ghorbanifar?

18 A No.

19 Q Let me just take a moment, Mr. Hakim, I think we are
20 reaching the end of the trail.

21 Mr. Hakim, I gather from your testimony that Mr.
22 Shackley never did become specific with you with respect to
23 who it was he might be able to help you out with, correct?

24 A That is very correct.

25 Q I gather that you, from your testimony, earlier

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1 today have never meet Eric Von Marb^{ad}?

2 A That is correct.

3 Q Mr. Hakim, I don't have any more questions for you
4 at this time.

5 BY MR. LIMAN:

6 Q Mr. Hakim, let me ust ask a question. Do you
7 recall an occasion when you asked Shirley Napier to cash two
8 checkes for you in an amount of --

9 MR. NIELDS: Total of about \$9,000.

10 BY MR. LIMAN:

11 Q Forty-five hundred dollars each.

12 A No, it is more than that.

13 Q How much did you ask here to cash?

14 A I believe if --

15 Q Six thousand dollars each?

16 A No. The total probably should have been \$12,000 --
17 \$15,000.

18 Q And the purpose of having her cash the amounts in
19 two different banks was so that it would not be reported?

20 A I didn't ^uwnt to fill in any forms.

21 Q Was this money then being given to Mr. Quintero
22 or others in connections with the contra operation?

23 A That is correct. On very short notice I was asked
24 to make cash available and that was the only source.

25 Q And the reason for going to two banks was so that

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there would not be a reporting?

A Exactly.

MR. JANIS: Why was it you didn't make a reporting?

THE WITNESS: It was a covert activity. I didn't think I wanted to get involved with any questions asked.

BY MR. LIMAN:

Q We had one last question.

MR. NIELDS: I have a couple of questions.

THE WITNESS: Sir.

BY MR. NIELDS:

Q I want to ask you just a couple of questions, Mr. Hakim, on this six and a half million dollars which remains in the custody of CSP on your behalf.

A Yes sir.

Q As you probably recall, the total amount of money in that went into the cap accounts is something over \$9 million and I just would like to get some answers on the record that gives us a better understanding of where the \$6.5 million comes from. In other words, which cap accounts it relates to.

I take it that the \$6.5 million does not include any money in the CTP cap account?

Q That is a reasonable assumption, yes.

MR. JANIS: Can we go off the record just a second?

MR. NIELDS: Yes.

(Discussion off the record)

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MR. NIELDS: Let's leave it that way.

2

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MR. LIMAN: We have just one more -- maybe five minutes more. We want to let our reporters out and we have to get the transcript typed.

4

5

The subpoena that has been issued by the House and the subpoena that is being issued by the Senate --

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7

MR. JANIS: This is for public testimony?

8

9

MR. LIMAN: For public testimony continue in effect. The expected date of his testimony is Wednesday sometime.

10

11

We understand that you, Mr. Janis, have a child's graduation Thursday morning and we will not take his testimony on Thursday morning, but it will continue on Thursday afternoon and we also understand that because of court engagements the following week, that his testimony must be completed on Monday of the following week. That is my understanding.

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THE WITNESS: What happened to Friday?

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MR. JANIS: Friday we are going.

MR. LIMAN: Friday we will have testimony. I also understand that he will be available for further deposition or testimony after his public appearance?

MR. JANIS: You are under subpoena and I suppose although it is unlikely if he needed, you needed him Tuesday afternoon, he is required to be available?

MR. LIMAN: That is right. Unless Elliott Abrams breaks a leg between now and then, it is not going to be possible.

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EXAMINATION ON BEHALF OF THE ~~SENATE~~^{SENATE} SELECT COMMITTEE

BY MR. HOLMES:

Q Direct^{ing} your attention to April 1980, Mr. Hakim, you spoke to us earlier in your testimony about having told the FBI about some people who were in the United States from Iran trying to buy arms. Do you recall that testimony?

A Yes.

Q This is a long time ago?

A Yes.

Q What were those people doing and what did you tell the FBI about it?

A That those people had approached me to see if I could help them to buy anything from the shopping list that they had. I immediately informed the FBI, told them where they were staying, and if they wanted to trace them.

Q They had a shopping list?

A Yes.

Q And it consisted of what?

A Weapons.

Q High-tech missiles generally?

A I don't know; I don't remember.

Q Spare parts?

A One item I remember was a reconnaissance camera.

As a matter of fact, on the way to bringing them to Washington to meet with General Secord, I don't remember whether they

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1 met with General Secord, I believe he had just finished with
2 the government, or was in the process, but I had told these
3 people that the best way of achieving their objectives would
4 be to have a relationship with the United States, and they
5 agreed to come to Washington.

6 On the way to Washington, we stopped in Chicago,
7 met with Chicago Aerial Industries, the manufacturers of
8 reconnaissance cameras that I represented in the past in
9 Iran.

10 Q That would include Motorola, for instance?

11 A Pardon?

12 Q Would that include Motorola?

13 A No, Chicago Aerial Industries, that is the name
14 of the company.

15 Q I thought you were talking genrally.

16 MR. JANIS: I think he used the word "aerial,"
17 and not area; is that correct?

18 THE WITNESS: That is correct.

19 BY MR. HOLMES:

20 Q Go ahead -- and made a short stop?

21 A We looked at -- I was trying to ^het their appetite.
22 Then I brought them to Washington, arranged for a meeting
23 with General Secord.

24 Q Was anybody else present at the meeting?

25 A No, just us. And those people took a position

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1 that they want only arms.

2 Mr. Haig had contacted them already. They had
3 refused him. Therefore, I should forget about having any
4 relationship. If I cannot arrange for them to buy arms,
5 that is it. For get it. That was the end of that
6 episode.



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PAGES 242 TO 247

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BY MR. HOLMES:

Q You referred a little bit to [REDACTED]
My questions in that regard right now relate to discussions
of -- between [REDACTED] and General Secord about the purchase
from Secord of some arms. I will just hand you this Exhibit
Number 29.

(The following document was marked as Hakim
Exhibit No. 29 for identification.)

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BY MR. HOLMES:

Q I will ask you if it refreshes your recollection.

And while you are reading that, I will mark Exhibit 30.

(The following document was marked as Hakim

Exhibit No. 30 for identification.)

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1 BY MR. HOLMES:

2 Q Let me ask you this question. During --

3 A May I please --

4 MR. JANIS: Why don't you wait for his question.

5 THE WITNESS: I want to say this is not arms, that
6 is all.

7 BY MR. HOLMES:

8 Q I will get to what it is. During the month of July,
9 1986, were you aware of any negotiations for the purchase or
10 sale of anything between [REDACTED] and any
11 customer of theirs that involved you or General Secord?

12 A Yes.

13 Q What was the arrangement that was being discussed?

14 A I have already testified to this, and the customer
15 [REDACTED] has also been identified, and the mission also has
16 been identified as being highly classified, and we were
17 suppliers of some of these items listed here [REDACTED]
18 [REDACTED] and the arrangement was that we locate, purchase and get
19 these to [REDACTED] so [REDACTED] can get it to their client that had
20 and still has a contract with the U.S. Government.

21 Q Well, who was the client?

22 A [REDACTED]

23 MR. JANIS: That is your best recollection?

24 THE WITNESS: To the best of my recollection.

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1 BY MR. HOLMES:

2 Q Let me show you what is marked as Exhibit Number 30
3 and refer you particularly to the items highlighted on the
4 front page. Are those among the items being purchased at
5 that time by Forway through General Secord?

6 A You are talking about item 24, 25, 27?

7 Q Right.

8 A And the question is if these were supplied?

9 Q No, if they were under discussion as being sought
10 by Forway at that time.

11 A To the best of my knowledge, yes, but I really
12 don't know because I was away from Washington, and General
13 Secord was handling that. I am aware of one shipment that
14 was made to Forway. I am not aware of --

15 Q One shipment?

16 A One shipment of radios, as I earlier testified.

17 Q That is the transceivers?

18 A Yes. That is part of this.

19 Q I will show you what is going to be marked as
20 Exhibit -- are we talking about these \$240,000 worth of
21 transceivers?

22 A That amount rings a bell. There was one shipment of
23 transceivers made.

24 Q What about these items in Exhibit Number 30? What
25 search was made for these items by General Secord?

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1 A I don't know.

2 Q Did you ever discuss this with General Secord or
3 anybody else?

4 A I didn't have a chance to discuss it. I was busy
5 internationally, and this was being handled in the offices of
6 STTGI here in the U.S.

7 (Whereupon, at 7:35 p.m., the Select Committee
8 proceeded to other business.)

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1 (Whereupon, at 7:40 p.m., the Select Committee
2 proceeded, pursuant to other business.)

3 BY MR. HOLMES:

4 Q I gather that you have discussed the ownership of
5 Forway with Mr. Zucker, haven't you?

6 A Yes.

7 Q And you are aware that he owns equity interest in
8 Forway Industries?

9 A Yes.

10 Q Drawing your attention to approximately November
11 of 1986, the first week or so of November, 1986, you were in
12 Geneva at that time?

13 A I believe so.

14 Q And this would have been around the time that
15 Mr. Zucker approached you in your hotel and asked you to sign
16 some documents for him?

17 A I cannot be that precise.

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253

1 Q Perhaps we could fix it from the time that Lake
2 Resources was dissolved, about November 7th to November 10th,
3 in that period. I gather that right around that period of
4 time you had become aware of a threat of exposure of the
5 Iranian missile transactions, is that correct?

6 A I am sorry, I don't understand the point --

7 MR. LIMAN: There was newspaper publicity about the
8 fact that the U.S. was selling arms to Iran, and you were
9 aware of that? It created an international furor.

10 THE WITNESS: Okay. So what is the question?

11 BY MR. HOLMES:

12 Q I want to know if you discussed with Mr. Zucker
13 the movement of money from CSF to Forway Industries at about
14 that time.

15 A I am completely confused by this question.

16 Q You are in Geneva, correct?

17 A In my mind, you are talking about the Iranian thing
18 being revealed, Lake Resources being dissolved and money
19 going to Forway.

20 Q You understand completely. You are in Geneva, and
21 it is early November, 1986. The question is, did you discuss
22 with Mr. Zucker his movement of money from CSF to Forway
23 Industries or from any of the Lake accounts to Forway
24 Industries during that period of time?

25 A I would like to answer -- I cannot answer your

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1 question because I don't remember the dates, but I can help
2 you about the movement of money to Forway, which necessarily
3 does not have anything to do with dissolving Lake Resources or
4 the news about the Iranian and so forth.

5 Q I was trying to set a time period in your mind,
6 because that is when the money moved. Could you tell me what
7 you know about the movement of money?

8 A That I can answer. There was a time that I showed
9 interest in purchasing one-third ownership in Forway because
10 of the difficulty that existed between Mr. Secord -- sorry --
11 my apologies -- Mr. Zucker and the founder of Forway, Mr.
12 Farber, they wanted to buy him out, and I showed interest
13 that we would be prepared to replace him.

14 Q You mean you and Mr. Zucker?

15 A Me and Mr. Secord.

16 Q I see, okay. Go ahead.

17 A So we talked about making an investment in Forway,
18 and as a matter of fact, things -- something comes to mind
19 right now here. The reason that I became interested was
20 because things were -- this happened -- the discussion
21 occurred at the peak of our good relation with the second
22 channel, because now I recall having given to the second
23 channel a whole set of catalogues and information on Forway
24 telling them that once things get going, then we will be
25 able to sell directly from Forway, and that was why I thought
it would be interesting to become a part owner in there.

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1 Q You had discussed with the second channel, hadn't
2 you, some barrels and other things that would be manufactured

3 A No, we didn't go into any specifics. Barrels had
4 to do --

5 Q Military type barrels.

6 A No, the barrels had to do with the nine points that
7 is referred to there. It had nothing to do with this, it
8 was totally understood. We were not specific about any
9 requirement.

10 Q You were saying --

11 A So we wanted to -- I had actually asked Mr. Zucker
12 to go ahead and do what was necessary to buy Mr. Farber out.
13 I believe he went ahead and bought Mr. Farber out, and when
14 this was disclosed, he decided not to go through the deal
15 with us.

16 Q Who did?

17 A Mr. Zucker decided not to go through the deal with
18 us. Another movement of money to Forway had to do with --

19 Q Stop on that first movement first. You say that
20 you had decided to buy Farber out, but then Zucker decided
21 not to go through with it with you?

22 A No, he agreed, and we agreed on the amount and the
23 price, and what we should do, but when it came to actually
24 implementing it, that is when -- the discussions started at
25 the peak of our good relationship with second channel.

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1 The implementation occurred just before the newspapers
2 released the information. And he abandoned the project.
3 If he made any movements of money, he should have returned
4 it because we do not have ownership. I am saying that if
5 the records would show that money was sent from the enterprise
6 to Forway, that money should also show that it was returned.

7 Q So it is your understanding that Farber in the end
8 was not bought out?

9 A He was bought out.

10 Q How?

11 A I don't know.

12 Q It wasn't with your money?

13 A Let me repeat myself. If it was done with our
14 money, which is a possibility, and if you have anything that
15 can help me to answer your question, I would like to look
16 at it -- but if our money was used for that purpose, because
17 we did not conclude a deal, because the information about
18 the weapons sale to Iran was released, there should be a
19 transaction, a bank transaction showing that the money was
20 returned.

21 Q It is your understanding you do not have any
22 interest in Forway then?

23 A Definitely.

24 Q Likewise Mr. Secord?

25 A Yes.

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1 Q And likewise Mr. Zucker?

2 A I should hope so.

3 MR. JANIS: I don't think you understand the
4 question. Does Mr. Zucker still have an interest in Forway?

5 THE WITNESS: Mr. Zucker has an interest in Forway.

6 BY MR. HOLMES:

7 Q He would have no greater interest than he had
8 before?

9 A I thought he understands that I don't have an
10 interest in Forway. I took your question to mean that Mr.
11 Zucker understands that I don't have interest in Forway.

12 Q I would like to know if --

13 A Mr. Zucker --

14 Q This discussion ended up with Mr. Zucker owning
15 any more of Forway than he started out owning according to
16 your understanding.

17 A That I don't know. Since it is possible that he
18 could not use us and he had concluded a deal with Mr. Farber,
19 it is possible that he owns that much more. I don't know what
20 he did.

21 Q But as far as your money was concerned, it was
22 back out of the deal?

23 A I am hoping that once we get these documents that
24 we are waiting to see --

25 Q You were about to tell me about some other money.

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1 A I have testified to this before, that there was
2 also monies moved for opening a letter of credit for the
3 procurement of these two items, the \$200,000 that should have
4 been replaced.

5 Q And that would have been around July-August of 1986?

6 A It is a matter of record.

7 MR. JANIS: For the record, there was a transfer
8 in November of 1986 about which Mr. Hakim has already
9 testified with respect to the line of credit that was supposed
10 to have been opened up. He had testified at some length
11 about that, I think, the first day of the deposition.

12 MR. LIMAN: He did, but we show that \$260,000 was
13 transferred from CSF to Forway on November 12, 1986 and
14 charged to --

15 THE WITNESS: They could have used it as backup
16 collateral.

17 MR. LIMAN: Transferred to CSF Investment and on
18 the ledger, it shows Forway is charged to Hyde Park Square,
19 but we do not show a transfer -- it shows a transfer of
20 Forway.

21 MR. WECHSLER: So it remained in CSF Investment,
22 which is what he said. It was moved for the purpose, but
23 the deal never came about, so the money stayed.

24 THE WITNESS: They used that --

25 MR. ZANARDI: What we don't know is whether CSF

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1 used that for the 260 buyout and didn't give reimbursement to
2 Hyde Park. There was no money coming back to Hyde Park.

3 THE WITNESS: It never left it. It was used as
4 collateral to open a letter of credit. Actual transfer did
5 not take place. It was a bridging.

6 MR. WECHSLER: So the money never left the CSF
7 system.

8 BY MR. HOLMES:

9 Q Did you discuss with Mr. Zucker a larger amount of
10 money than the \$260,000 that we just talked about in the same
11 time period?

12 A In connection with what?

13 Q With Forway and the enterprise and CSF.

14 A That has to do with a letter of credit for a
15 routine business. We talked about the larger sum, and that
16 was for the purchase of equity that Mr. Farber had. I don't
17 recall that amount.

18 MR. LIMAN: That is the transaction that didn't go
19 through?

20 BY MR. HOLMES:

21 Q I am showing a total of \$1,023,695.30 in four
22 separate transactions dated 11/10, 11/7, 11/7 and 11/7, 1986.

23 MR. LIMAN: You are showing those charged to these
24 companies --

25 MR. HOLMES: Reference Forway, but not necessarily

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1 to Forway.

2 MR. JANIS: You are saying that \$1 million was
3 transferred to Forway?

4 MR. HOLMES: \$1 million was transferred referencing
5 Forway -- there must have been some discussion.

6 MR. LIMAN: I think that is not correct, and I don't
7 want the record to suggest something that is not so. CSF has
8 an account in New York. CSF made transfers, as I understand
9 it, from that total, that amount. We do not know from CSF's
10 records that these were charged to Hakim Enterprises or to
11 other clients, including Mr. Zucker.

12 The CSF account is what is generally called an
13 omnibus, meaning an account that serves a number of clients,
14 so it seems to me that you ought to put the question whether
15 any of that money, to his knowledge, was money that he,
16 Hakim, was investing in it.

17 THE WITNESS: The answer to that question is, to
18 the best of my knowledge, no.

19 BY MR. HOLMES:

20 Q That is with the exception of the \$260,000 --

21 A That should not even have physically left. It was
22 there, and they told the bank that "Here is a letter of
23 credit, open it, it is collateral."

24 Q My original question, and I would like the answer,
25 is, did you discuss with Mr. Zucker transfers of money in

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1 these large quantities from CSF to Forway?

2 A No, to the best of my knowledge, more than what I
3 testified --

4 MR. JANIS: When you say CSF, are you asking him
5 whether Mr. Zucker ever told him that Mr. Zucker, himself,
6 was transferring his own money?

7 MR. HOLMES: Mr. Hakim had some interest in Forway
8 in a business sense, because a week before he had been
9 negotiating with Zucker to buy it, and Mr. Zucker might have
10 said "I have other clients, and we are putting this money
11 into Forway."

12 MR. LIMAN: Did you discuss that with your --

13 THE WITNESS: No, Mr. Zucker, to the best of my
14 recollection, never discussed with me other clients of his
15 that might be interested to buy stock in Forway.

16 MR. LIMAN: Okay.

17 MR. HOLMES: That is all I have.

18 MR. LIMAN: The deposition is adjourned.

19 We will fix a date for the resumption, and thank you all.

20 It has been a long day, and I particularly thank the court
21 reporters.

22 MR. JANIS: I want to say, for the record, that it
23 is 8:00 o'clock, this is Mr. Hakim's fifth day, and I believe
24 he has labored hard to try to truthfully answer all your
25 questions.

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1 (Whereupon, at 8:00 p.m., the Select Committees
2 were adjourned until Tuesday, June 2, 1987.)
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PAGE 1

1 RPTS THOMAS

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4 DEPOSITION OF ALBERT HAKIM

5

6 Monday, June 1, 1987

7

8 House of Representatives,

9 Select Committee to Investigate

10 Covert Arms Transactions with

11 Iran, .

12 Washington, D.C.

13

14 The select committee met, pursuant to call, at 3:50 p.m.,

15 in Room H-139, The Capitol, John W. Nields, Jr. (Chief

16 Counsel to the House Select Committee) presiding.

17 Present: On behalf of the House Select Committee: John
18 W. Nields, Jr., Chief Counsel; and George Van Cleave.19 On behalf of the Senate Select Committee: Arthur Liman,
20 Chief Counsel; and Louis Zanardi.

21 On behalf of the Witness: M. Richard Janis, Lawrence H.

22 Wechsler and Clement R. Gagne, III of Janis, Schuelke &

23 Wechsler, 1728 Massachusetts Avenue, Northwest, Washington

24 D.C. 20036.

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under provisions of E.O. 12356
by K. Johnson, National Security Council

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25 . MR. NIELDS: On the record.

26 Whereupon,

27 . ALBERT HAKIM

28 was called for as a witness and, having been previously duly
29 sworn, was examined and testified further as follows:

30 . MR. NIELDS: Mr. Hakim, this is a continuation of
31 the deposition that began, I guess, a week ago Friday, at
32 which time you were placed under immunity and compelled to
33 answer questions.

34 . In pursuance of this immunity order, pursuant to the
35 subpoena that previously had been served on you, and marked
36 as an Exhibit at this deposition; I believe you have some
37 additional documents to produce?

38 . I would ask that your counsel produce those on your
39 behalf at this time so they can be marked and made part of
40 the record.

41 . THE WITNESS: Very good, sir.

42 . MR. JANIS: Just to make the record clear, there are
43 a number of documents that are being produced by Mr. Hakim
44 today. The first set of documents are documents that were
45 referred to in Mr. Hakim's testimony in Paris on April 20,
46 1987, and my understanding is we agreed that those documents
47 would be subject to production at a later time following Mr.
48 Hakim's identifying those documents on April 20.

49 . My understanding, Mr. Nields, is that all of the

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50 documents being produced here today are being produced
51 pursuant to not only the immunity orders, but the rulings of
52 the chairman with respect to documents that were made on
53 April 20, 1987; is that correct?

54 . MR. NIELDS: Of course.

55 . MR. JAMIS: The first thing I think Mr. Liman
56 suggested we have marked as an exhibit is the DHL envelope
57 that was sent to Mr. Nields, in which all of the documents
58 that are being produced pursuant to the subpoena were
59 included.

60 . This DHL package came from Switzerland. It was sent
61 by Mr. Hakim's Swiss attorney, Mr. Meyoroud, M-e-y-o-r-o-u-
62 d.

63 . [The following document was marked as Hakim Exhibit
64 A for identification:]

65

66 ***** COMMITTEE INSERT *****

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67 . MR. JANIS: First, there were a number of envelopes
68 which were marked at the time they were placed under seal
69 with LCA. First is number one, and on the envelope, you can
70 see Mr. Hakim's situation and the date that he placed it
71 under seal with Lousier, I think it is L-o-u-s-i-e-r, court
72 official.

73 . MR. LIMAN: Why don't you from now on refer to him
74 as the magistrate?

75 . MR. JANIS: As the magistrate. On December 10th,
76 1986, and why don't you open that, Mr. Hakim, and produce
77 the documents and try to describe it briefly.

78 . THE WITNESS: These are expense vouchers and the
79 very top one is the receipt, I believe, a partial receipt
80 for the apartment, furnished apartment that I leased, as I
81 testified [REDACTED]

82 . MR. MIELDS: Describe them generically.

83 . THE WITNESS: They are both expense vouchers, credit
84 card receipts, hotel expenses, food, automobile rental, and
85 that is it.

86 . MR. VAN CLEVE: Are these all connected to [REDACTED]
87 [REDACTED]

88 . THE WITNESS: No; one has to go through them and
89 sort them out. These are all expense reports and as you can
90 see from the envelope, it is noted expense support. I
91 intended to sort them out, which I never got a chance to do.

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92 . MR. NIELDS: I am going to have these, the envelope
93 together with the documents in the envelope, marked as
94 Exhibit B. I will state for the record that we will
95 promptly Bates stamp every individual document in sight, and
96 let me get this marked.

97 . MR. JAMIS: For the record, I don't think Mr. Hakim
98 meant to testify that these expense reports were the
99 totality of the expenses; it is just that these are some
100 expense reports.

101 . [The following document was marked as Hakim Exhibit
102 B for identification:]

103

104 ***** COMMITTEE INSERT *****

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105 . MR. JAMIS: Next we have an envelope that is marked
106 number 2. It says for either Richard Secord or Albert
107 Hakim, CSF, basement safe. Again, on the outside of that
108 envelope it says, there is a note indicating it was closed
109 17 February 1986 by Mr. Zucker, then again Mr. Hakim's
110 signature on December 10th, 1986.

111 . MR. WIELDS: Let's mark the envelope Exhibit C.
112 . [The following document was marked as Hakim Exhibit
113 C for identification:]

114

115 ***** COMMITTEE INSERT *****

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116 . MR. JANIS: There are some loose paper and there is
117 also another envelope that says for either Richard Secord or
118 Albert Hakim, basement safe, CSF.

119 . THE WITNESS: They appear to be Richard Secord's
120 expense vouchers. There is also a note on account of Mr.
121 Montero.

122 . MR. JANIS: In the envelope?

123 . THE WITNESS: This envelope goes in that one. I am
124 opening now the inner envelope here.

125 . MR. NIELDS: Want the inner envelope to be marked
126 Exhibit C-1.

127 . [The following document was marked as Hakim Exhibit
128 C-1 for identification:]

129

130 ***** COMMITTEE INSERT *****

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131 . MR. NIELDS: Mr. Hakim has removed the contents of
132 the inside envelope, which has been marked Exhibit C-1. Mr.
133 Hakim, would you generically describe the documents that you
134 removed from Exhibit C-1?

135 . THE WITNESS: They are general trip expense
136 vouchers. Again, these belong to Mr. Secord, but I notice
137 here it has in the name of Mr. William Haskell, and some of
138 the vouchers must be mistaken. It says Haskell, but these
139 are all trip expenses.

140 . MR. JANIS: Next Exhibit is Exhibit D.

141 . [The following document was marked as Hakim Exhibit
142 D for identification:]

143

144 ***** COMMITTEE INSERT *****

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145 THE WITNESS: Exhibit D is a photocopy of an
146 envelope, cover of an envelope that says Mr. Albert Hakim,
147 monies in various currencies, and dated 28th of February,
148 1986. There is some notation in French, this is Phillippe,
149 N-e-y-o-r-o-u-d, P-h-i-l-l-i-p-p-e.

150 These are currencies, that refers to various
151 currencies, are currencies personally that belongs to me
152 from various countries, maybe 10, 15 different currencies,
153 it is a guess, I don't believe the totality would be more
154 than a couple thousand dollars.

155 MR. JANIS: Those funds are being retained by Mr.
156 Neyoroud. Envelope number four.

157 MR. NIELDS: Let's mark this as Exhibit E.

158 [The following document was marked as Hakim Exhibit
159 E for identification:]

160

161 ***** COMMITTEE INSERT *****

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162 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

163 BY MR. NIELDS:

164 Q Exhibit D, I take it, is a photocopy of an envelope
165 which Mr. Mayoroud has kept the original of it in his
166 custody?

167 A That is correct.

168 Q And the original of the envelope contains some
169 currency in it, and Mr. Mayoroud has also retained the
170 currency?

171 A Yes.

172 Q You think that the currency is no more than a couple
173 thousand dollars?

174 A That is correct, and there are different currencies,
175 four or five, maybe up to 10 different currencies, more like
176 15.

177 Now, Exhibit E says held for Albert Hakim, re AC-1.

178 Q Mr. Hakim has just removed another envelope from
179 Exhibit E. I would like to have it marked Exhibit E-1.

180 [The following document was marked as Hakim Exhibit
181 E-1 for identification:]

182

183 ***** COMMITTEE INSERT *****

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184 . MR. JANIS: That envelope has Mr. Hakim's signature
185 on December 10th, 1986.

186 . THE WITNESS: I believe AC-1 doesn't stand for
187 account one, and probably refers to shipment one, AC stands
188 for Adolpho Calero. That is what I think it is. This inner
189 envelope, Exhibit E-1, says what is inside of it has my
190 handwriting. It says, inside, AC-1 document BAC promotional
191 documents, and I do not understand why promotional documents
192 at this time. There are other notes to me written by me.

193 . BY MR. WIELDS:

194 . Q You don't need to read them unless they are of
195 particular significance, they speak for themselves.

196 . A Opening this now, these are documents that were
197 given to me, to the best of my recollection, by General
198 Secord to keep them in Switzerland, and they refer to
199 procurement of arms.

200 . Q The contents of Exhibit E-1 consists of four
201 separate documents, and I would ask the reporter to mark
202 them as Exhibit E-2, E-3, E-4 and E-5.

203 . [The following documents were marked as Hakim
204 Exhibits E-2, E-3, E-4 and E-5 for identification:]

205

206 ***** COMMITTEE INSERT *****

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207 . BY MR. NIELDS:

208 . Q All right, Mr. Hakim, putting in front of you

209 Exhibit E-2, what is that?

210 . A It appears to be a list of various kinds of--

211 . Q A list of arms, isn't it, and prices for the arms?

212 . A Yes, I don't know whether it is an invoice or it

213 is--it says total purchase, dated January 11, 1985. It is

214 actually Richard Secord's documents.

215 . MR. LIMAN: Are these in his handwriting?

216 . MR. NIELDS: There is no handwriting, it is typed.

217 . BY MR. NIELDS:

218 . Q I am putting in front of you E-3. Is that in Mr.

219 Secord's handwriting?

220 . A It is very close to it. This first page is very

221 close to Richard's handwriting. I cannot be sure. The

222 second page also appears to be Mr. Secord's handwriting.

223 Again, I cannot be sure.

224 . The following pages are typed invoices from Defex

225 Portugal, and also a document from Royal Bank of Canada,

226 actually two documents from Royal Bank of Canada, a document

227 from Transport Arms, Inc.

228 . Q You don't have to describe each one, Mr. Hakim, they

229 speak for themselves, I think.

230 . A Also Southern Air.

231 . Q Exhibit E-4 and E-5, I simply want to ask you if you

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232 know, do they have Mr. Secord's handwriting on them?

233 . A I cannot be sure.

234 . Q Let's move on to the next.

235 . MR. JANIS: Next is envelope number five, which is

236 also sealed by Mr. Hakim on December 10th, 1986.

237 . MR. WIELDS: I would like those to be marked Exhibit

238 F.

239 . [The following document was marked as Hakim Exhibit

240 F for identification:]

241

242 ***** COMMITTEE INSERT *****

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243 THE WITNESS: This has two notes on it, one in
244 English, one in Farsi. The note in Farsi says WIZ, for Mr.
245 Zucker, for audit and filing.

246 MR. JANIS: That is in English?

247 THE WITNESS: Yes, and the Farsi note, I translated
248 that, apparently a note written by me to me, says this
249 envelope we put in another envelope and sent for Mr. Zucker
250 or to be sent for Mr. Zucker.

251 MR. MIELDS: I have just emptied the contents of
252 Exhibit F. Let's mark these two pieces of paper that I have
253 removed from Exhibit F as Exhibit F-1 and F-2.

254 [The following documents were marked as Hakim
255 Exhibits F-1 and F-2 for identification:]

256

257 ***** COMMITTEE INSERT *****

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258 . BY MR. NIELDS:

259 . Q Mr. Hakim, I am putting in front of you exhibits
260 marked F-1 and F-2. Could you tell us what those are?

261 . A Exhibit F-1 is a photocopy of a Deutsche Bank, D-e-u-
262 t-s-c-h-e Bank, and this is the check for the amount of
263 \$3,600,000 that has my--

264 . MR. LIMAN: Deutsche Marks?

265 . THE WITNESS: Dollars. It has my handwriting on it.
266 This is a check that I testified earlier was prepared by
267 the Iranians and I filled it in, has the gentleman's
268 signature, but my handwriting is in there, dated October
269 10th, 1986.

270 . BY MR. NIELDS:

271 . Q Whose signature is it?

272 . A Mr. Engine.

273 . Q And Exhibit F-2, is that a receipt?

274 . A This is the receipt for the very same check from the
275 bank.

276 . Q That was given to Mr. Engine?

277 . A Mr. Engine gave it to me. Mr. Engine gave me the
278 check that is a photostat, the check that I deposited with
279 the bank and got a receipt.

280 . Q You got a receipt from the bank?

281 . A That is right.

282 . MR. JANIS: Also for the record, there were other

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283 documents.

284 . THE WITNESS: They were expense trip, expenses
285 related to channel two.

286 . BY MR. NIELDS:

287 . Q Let's make clear what you have just said is that
288 inside Exhibit F there were many documents in addition to
289 Exhibit F-1 and F-2, the ones in addition to F-1 and F-2 are
290 various expense items.

291 . A It appears to be.

292 . Q Related to a trip in October of 1986, relating to
293 the second channel.

294 . A It appears--I didn't go through each sheet.

295 . Q Okay.

296 . MR. JAMIS: Envelope number six has written on it,
297 For RVS, date of 10 November 1986, sealed. On the back,
298 there is a signature, there is the initials RVS, and then
299 there is also Mr. Hakim's signature, dated December 10th,
300 1986.

301 . MR. NIELDS: We will mark the outside envelope
302 Exhibit G.

303 . [The following document was marked as Hakim Exhibit
304 G for identification:]

305

306 ***** COMMITTEE INSERT *****

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307 . MR. LIMAN: Does the fact Mr. Secord's signature is
308 on this envelope mean that he was there when these were
309 sealed?

310 . THE WITNESS: May I look at it?

311 . MR. LIMAN: His initial, I should say?

312 . THE WITNESS: No, this means that he has sealed it
313 and had given it probably to Mr. Zucker, and when we
314 requested Mr. Zucker to send all documents kept with him,
315 that is the way it came. At one point, General Secord had
316 left these documents in Geneva.

317 . Further explanation, Mr. Liman, is, it is important
318 to note that when we put these documents under seal, Mr.
319 Secord was not present.

320 . MR. NIELDS: I think I want to mark the contents of
321 Exhibit G separately.

322 . The first document which I have removed from Exhibit
323 G I would like marked Exhibit G-1.

324 . [The following document was marked as Hakim Exhibit
325 G-1 for identification:]

326

327 ***** COMMITTEE INSERT *****

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328 . BY MR. NIELDS:

329 . Q I take it Exhibit G-1 is an English translation of a
330 report on someone from Iran who was the principal on the
331 second channel?

332 . A It is from number one, as we have referred to him in
333 previous testimonies. To me, and I took the important parts
334 of that report, translated that in English and passed it on
335 with the original Farsi to General Secord.

336 . MR. VAN CLEVE: Mr. Hakim--

337 . THE WITNESS: It relates to the important person
338 that you refer to. Also, it contains certain analysis.

339 . MR. VAN CLEVE: If you could tell us, please, whose
340 handwriting is this on the back of the document, if you
341 know?

342 . THE WITNESS: It appears to be General Secord's
343 handwriting in back of two of the three pages of Exhibit G-
344 1.

345 . BY MR. NIELDS:

346 . Q Rather than separately marking each one of those
347 documents, I am simply going to show you--I am going to state
348 for the record that the envelope also contains a four-page,
349 typewritten document which says at the top, instructions to
350 Copy for meeting with Mavoroud, it is in a transparent
351 envelope.

352 . And also in the envelope is a single white piece of

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353 paper, which is torn, half torn, and I will ask Mr. Hakim
354 whether that half-torn piece of paper doesn't contain
355 handwriting by Mr. Secord?

356 . A I believe so.

357 . Q The envelope also contains three copies of a
358 passport with a picture of General Secord and the name of
359 Richard J. Adams. It also contains eight white sheets of
360 paper with handwritten notes on them, and I will ask Mr.
361 Hakim whether those aren't notes in the handwriting of Mr.
362 Secord?

363 . A They appear to be General Secord's handwriting, and
364 these are notes of various meetings we had with the second
365 channel.

366 . Q And the envelope also contains two pieces of paper
367 on the Carlton Hotel, Tel Aviv, stationery, and I will ask
368 Mr. Hakim whether those pieces of paper don't also contain
369 handwritings of Mr. Secord?

370 . A They do appear to be General Secord's handwriting.

371 . Q Then I will finally state for the record that the
372 other documents removed from Exhibit G appear to be
373 stationery, envelopes and blank envelopes and blank
374 stationery. Whose flag is on the stationery?

375 . A This is stationery that General Secord used
376 reflecting his rank, and he used this for, I believe, some
377 gifts that he ^{sent} ~~went~~ to a nephew.

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378 . 2 Okay. Let's move on.

379 . MR. JAMIS: Before we go on, Exhibits A through G
380 represent all of the materials that were placed under seal
381 with the magistrate in Geneva on December 10th, 1986; is
382 that correct?

383 . THE WITNESS: That is correct.

384 . MR. JAMIS: This is another one.

385 . MR. NIELDS: I would like this white envelope to be
386 marked Exhibit H.

387 . [The following document was marked as Makim Exhibit
388 H for identification:]

389

390 ***** COMMITTEE INSERT *****

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391 . MR. NIELDS: Mr. Hakim just removed a number of
392 small pieces of paper from Exhibit M.

393 . THE WITNESS: These are various expense vouchers for
394 one of the trips that I made to Frankfurt, and I believe--I
395 am almost certain it has to do with the second channel, when
396 I met with Mr. Engine separately.

397 . MR. NIELDS: Okay.

398 . MR. JAMIS: The next documents being produced are
399 documents obtained from CSF at the request of Swiss counsel
400 following on a request made of Mr. Hakim by these
401 committees. I think they are largely self-explanatory. Do
402 you want to mark these separately?

403 . MR. NIELDS: Let me look at them.

404 . MR. JAMIS: Mr. Liman reminds me these are produced
405 at the direction of the committees.

406 . MR. NIELDS: All right, I am going to mark the next
407 document produced by Mr. Hakim Exhibit I.

408 . [The following document was marked as Hakim Exhibit
409 I for identification:]

410

411 ***** COMMITTEE INSERT *****

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412 . BY MR. NIELDS:

413 . Q Mr. Hakim, I am putting in front of you Exhibit I.

414 It is one of these investment management agreements with

415 CSF. This one names you as the client, Albert Hakim, it has

416 no subaccount designation opposite it.

417 . A That is correct.

418 . Q What does this represent?

419 . A If I may examine this, please? I believe this is

420 one of those documents that I signed during the November

421 trip that Mr. Zucker came to my hotel room. It doesn't

422 refer to any amounts, figures, and doesn't say what it is.

423 He simply had me sign this thing.

424 . As I mentioned, he was going to be audited by the

425 Swiss authorities, to be able to relate all of the

426 transactions that were done on my behalf or for me. It is

427 just covering him, to cover CSF.

428 . Q Was this supposed to cover the assets that he was

429 managing for you that were not covered by one of the

430 specific subaccount agreements?

431 . A I don't believe so. I cannot be sure. As I

432 mentioned, it simply is a blanket type, because it had no

433 amount on it.

434 . Q It refers to an appendix A, but there is no appendix

435 A.

436 . A No.

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437 . Q Appendix A would normally describe the funds which
438 are covered by the agreement.

439 . A Exactly. So, I am speculating that if he were to be
440 audited by the Swiss authorities, whatever from this total
441 Iran-contra activity that he could not allocate to any one
442 particular account, he would bring it under this account,
443 and say okay, Albert was my main client, so it relates to
444 him.

445 . Q Your best understanding, then, was that this
446 document was intended by Mr. Zucker to cover assets that he
447 was managing that were not covered by any other particular
448 agreement?

449 . A That is my guess.

450 . MR. NIELDS: Okay, I would like the next document to
451 be marked Exhibit J.

452 . [The following document was marked as Hakim Exhibit
453 J for identification:]

454

455 ***** COMMITTEE INSERT *****

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456 . BY MR. NIELDS:
457 . Q Mr. Hakim, I am putting in front of you a document
458 marked Exhibit J. I will state for the record, it appears
459 to be a copy of an investment management agreement that you
460 produced to these committees at your deposition yesterday.
461 . A With one exception, as I testified yesterday, that
462 it should not have had RVS as the beneficiary. I see here
463 the corrected copy that RVS/AH is written off, and next to
464 it it says AH/Subaccount 1.
465 . MR. NIELDS: I would like this marked Exhibit K.
466 . [The following document was marked as Hakim Exhibit
467 K for identification:]
468 .
469 ***** COMMITTEE INSERT *****

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470 | . BY MR. NIELDS:
471 | . Q Mr. Hakim, I am putting in front of you a document
472 | which has been marked Exhibit K. I believe that is also a
473 | copy of an investment management agreement that you produced
474 | to the committees yesterday?
475 | . A That is correct, that is for Subaccount 2.
476 | . MR. NIELDS: Now, I would like the next document to
477 | be marked Exhibit L.
478 | . [The following document was marked as Hakim Exhibit
479 | L for identification:]
480 |
481 | ***** COMMITTEE INSERT *****

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482 . BY MR. NIELDS:

483 . Q Mr. Hakim, I am putting in front of you a document
484 marked Exhibit L. I believe this is also a copy of a
485 document that you produced to the committees yesterday.
486 However, I believe it has some additional writing on it I
487 want to ask you about.

488 . A This is Subcontract 3. The additional writing
489 appears to be Mr. Zucker's handwriting, but I cannot be
490 certain. It says re legal fees.

491 . Q What does that mean?

492 . A I don't know. I can speculate to say that this set-
493 aside was meant to be for legal fees.

494 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

495 . BY MR. LIMAN:

496 . Q Was that put there in order to cover up the real
497 purpose of the account?

498 . A It could be. I cannot be sure. I cannot recall how
499 this came about, but we did have also concern about the
500 Florida case.

501 . Q All right, finish your answer.

502 . A I don't know when this handwritten note was written
503 on this.

504 . Q If you look at the date that you signed this, it is
505 May 1986, is it not, or June 1986?

506 . A Yes, but--

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507 . Q At that time, is it not correct that the enterprise
508 had substantial cash to pay legal fees?

509 . A That is correct.

510 . Q So, you did not have to set aside a separate account
511 for legal fees?

512 . A That is a correct line of logic.

513 . Q That is why I asked you the question as to whether
514 this notation was put on the account paper, to disguise its
515 purpose.

516 . A I said yes, Mr. Liman, but again, on the other hand,
517 it doesn't make sense, because once it says Albert Hakim as
518 beneficiary, that is enough of a cover-up, so I really don't
519 know. The intention must have been, I cannot recall why we
520 did that, and he did it on his own. I have absolutely no
521 idea.

522 . MR. NIELDS: Is this document dated about the time
523 it was actually signed?

524 . THE WITNESS: I believe we went over this yesterday.
525 We reconstructed all these dates. They are part of my
526 testimony of yesterday. Do you want us to go through the
527 reconstruction of the dates?

528 . BY MR. LIMAN:

529 . Q I think you indicated you thought these documents
530 were signed at or about the time those dates appear?

531 . A Yes.

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532 . 2 I note that the other documents that were signed in
533 November seemed to have no date on them.

534 . MR. JANIS: As I recall the original Mr. Hakim
535 produced, I think he produced the original of this document
536 with a red stamp on it with the date, isn't that right?

537 . MR. LIMAN: Yes.

538 . MR. NIELDS: His testimony yesterday was that date
539 stamp was accurate.

540 . THE WITNESS: In the context of the testimony, we
541 built up to it.

542 . MR. NIELDS: I understand.

543 . I would like to mark this as Exhibit M.

544 . [The following document was marked as Hakim Exhibit
545 M for identification:]

546

547 ***** COMMITTEE INSERT *****

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548 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

549 BY MR. NIELDS:

550 Q I am putting in front of you a document which has
551 been marked Exhibit M, and I take it that is the investment
552 management agreement for Korel Assets?

553 A Yes, it appears, it has that Korel Assets name on
554 this investment management agreement.

555 Q Who signed it?

556 A Well, I see two signatures here. One appears to be,
557 the signature in front of the notation, signature of the
558 client, appears to be Mr. Farina. I cannot be sure. And
559 for the signature of CSF Investment, it is Evelyn.

560 MR. LIMAN: We identified her yesterday.

561 THE WITNESS: Yes.

562 BY MR. NIELDS:

563 Q I was interested in the signature of the client. I
564 take it that, as you have testified before, in the case of
565 Korel, the real client was Mr. Secord?

566 A If you go back to the very early stage of my
567 deposition, I said I had this company for a totally
568 different purpose, that was sitting there for my use not
569 related to the Iran-contra projects, that I used it to
570 compile the commissions that were set aside for General
571 Secord.

572 Q I take it this investment management agreement was

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573 written for the purpose of having CSF invest Mr. Secord's
574 money, which had been put in Korel?

575 . A That is correct.

576 . Q I take it it was signed by Mr. Farina because he
577 didn't want Mr. Secord's signature to be on these Swiss
578 documents?

579 . A It was never addressed. This issue was never
580 brought up to my attention. I find it unusual for Mr.
581 Farina to sign this, and this is the first time I have seen
582 this document.

583 . MR. LIMAN: May I see it for a moment?

584 . MR. VAN CLEVE: You told us that ~~that~~ Korel Assets
585 was a company of yours, isn't that right?

586 . THE WITNESS: That is what I testified.

587 . MR. VAN CLEVE: Did you instruct Mr. Farina to
588 execute this document?

589 . THE WITNESS: No.

590 . MR. VAN CLEVE: Thank you.

591 . THE WITNESS: As far as I remember.

592 . MR. LIMAN: Do you know whether there is a power of
593 attorney that runs from Mr. Farina either to you or to
594 General Secord?

595 . THE WITNESS: I cannot answer for General Secord,
596 and I don't recall having ever given any power of attorney
597 to Mr. Farina.

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598 . MR. JANIS: Can we go off the record?
599 . MR. NIELDS: Off the record.
600 . [Discussion off the record.]
601 . MR. NIELDS: Back on the record.
602 . I would like the next document marked Exhibit M.
603 . [The following document was marked as Hakim Exhibit
604 M for identification:]
605
606 ***** COMMITTEE INSERT *****

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607 . BY MR. MIELDS:

608 . Q Exhibit M is an investment management agreement.

609 The client is identified as "B. Button." I take it this
610 is the Button account that you have testified about earlier
611 in your deposition?

612 . A That is correct.

613 . Q And the B stands for Bally, presumably?

614 . A Yes.

615 . Q The document does not appear to be signed by a
616 client.

617 . A That is correct.

618 . Q What is the reason for that?

619 . A I can speculate again, Mr. Mields, that we never got
620 around to finding a solution for this account, so we did not
621 know. I continuously testified that I had all the intention
622 of getting things organized, and there you can see evidence
623 of that in various places, but I suppose we could not
624 complete this because we couldn't find a solution.

625 . Q A solution meaning you couldn't find an appropriate
626 person to sign?

627 . A I don't believe that would have been the problem of
628 getting somebody to sign.

629 . MR. LINAM: Farina was always around?

630 . THE WITNESS: Exactly. I was going to mention that,
631 that is not a problem. The problem, the guts of the matter

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632 was how to put the money to use. That was our problem, and
633 we could not find a solution, so this thing was not executed
634 completely.

635 . MR. LIMAN: When you say put it to use, you mean
636 pass the money to the intended beneficiary?

637 . THE WITNESS: Or start passing it?

638 . MR. LIMAN: John, the record should show that unlike
639 those documents which were signed in November, this document
640 does have a date stamped of May 22, 1986 on it.

641 . MR. NIELDS: I should say for the record that the
642 stamp is not red, it is black, indicating that it is a Xerox
643 copy. Where is the original?

644 . MR. LIMAN: I have no idea. I did not 'even know'
645 that such a document was created. Mr. Nields, do bear in
646 mind that Miss Evelyn does not live in Geneva, and it is
647 very possible that Mr. Zucker had her sign that while she
648 was there, and having it ready if we found a way to use it.

649 . That is another speculation. She lives in Bermuda?

650 . THE WITNESS: That is correct.

651 . MR. NIELDS: Let's mark this Exhibit O.

652 . [The following document was marked as Hakim Exhibit
653 O for identification:]

654

655 ***** COMMITTEE INSERT *****

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656 . BY MR. NIELDS:

657 . Q Exhibit O is an investment management agreement for
658 Citag. Is that also signed by Mr. Farina as the client?
659 . A It appears--it is the first time I have seen it.
660 This is the first time I see this document, Mr. Nields. It
661 doesn't have--it should technically have my signature. I
662 don't understand why this was not given to me among the
663 documents that I signed without even looking at them during
664 the visit of Mr. Zucker to my hotel.

665 . By the way, I should state that there is no appendix
666 to this, either, no amount.

667 . MR. JANIS: Can we go off the record?
668 . [Discussion off the record.]

669 . BY MR. NIELDS:

670 . Q Mr. Hakim, your lawyer has just handed us a stack of
671 updated computer print-outs relating to the account in the
672 name of Albert Hakim, Albert Hakim Subaccount 1, Albert
673 Hakim Subaccount 2, Albert Hakim Subaccount 3, Citag
674 Trading, Inc., Koral Assats, and B. Button--and I take it to
675 the best of your knowledge, these are in fact updated
676 computer print-outs from CSF relating to the capital
677 accounts designated on the documents?

678 . A That is my assumption.

679 . Q I would like to put them all in in a single
680 envelope, and I would like to mark the envelope as Exhibit

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681 P.

682 . [The following document was marked as Hakim Exhibit

683 P for identification:]

684

685 ***** COMMITTEE INSERT *****

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686 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

687 BY MR. LIMAN:

688 Q Mr. Hakim, did the enterprise ever purchase a Falcon
689 aircraft?

690 A Not that I know of. I can't recall such a thing.

691 Q It would be an expensive purchase like a Lear jet
692 bought through this Republic Bank?

693 A I believe I can help you with that, since you said
694 it is a Lear Jet Falcon. No, the answer to your question
695 is, as far as I know, we did not make such a procurement.

696 Q Fine. Off the record.

697 [Discussion off the record.]

698 [Whereupon, at 5:05 p.m., the taking of the deposition was
699 concluded.]

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NO DATE

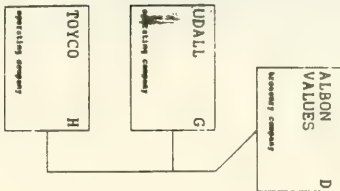
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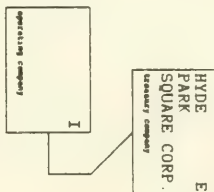
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Partially Declassified/Released on 4 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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Exhibit 2
NO DATE

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H 02603

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EX-103
NO DATE

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H 02604

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~~TOP SECRET~~

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Exhibit 5
4 Oct 86
SENSITIVEINSTRUCTIONS TO COPP FOR MEETING WITH NIRSaturday, October 4, 1986
Tel Aviv, Israel

N 9107

You will have with you a letter from President Reagan to Prime Minister Peres thanking Mr. Nir for his courageous assistance to our mutual cause. You should initiate this discussion by presenting him with a copy of the letter and asking for his advice on delivering the original.

The objective of this discussion is to improve our control of events in this joint effort to establish a strategic relationship with Iran. The talking points below are intended to establish the parameters of your discussion and are designed to elicit further cooperation:

- ADM Poindexter has directed that I see you regarding our current Ghorbanifar [redacted] channel and discuss with you ways in which we can move together to accomplish our mutual objective -- a strategic relationship with Iran.
- [redacted]
- We believe that the first new hostage (Reed) was probably taken by elements other than Hizballah -- although they may have him in their hands now.
- We think that [redacted] may have believed that he could bring additional pressure to bear on us to commence further deliveries by seizing another hostage (or hostages).
- Quite the contrary is true. The President is adamant that we will not move forward on this channel until we resolve the new hostage issue.
- We are also concerned that the two new hostages (or at least Cicippio) represents a clear violation of the "understanding" we have had with the Iranians on anti-U.S. terrorism since June of last year.
- We do not want to engage in a process that results in new hostages just to bring "pressure to bear." Nor will we continue this process if, when the current hostages are released, more are taken, simply to elicit further deliveries of arms.

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Declassify: OADR

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SENSITIVE

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~~TOP SECRET~~SENSITIVE

N 9108

- Aside from this very strong policy objection to continuing, we have, as you know, had repetitive financial and communications difficulties with Ghorbanifar. While we could debate as to whether or not Ghorbanifar had received all that was due him by the Iranians, the most important factor is potential OPSEC risk.
- In an effort to "keep things moving," Ghorbanifar has made commitments in our name which are patently beyond our ability to meet. This has resulted in increased expectations on the part of the Iranians.
- We know [redacted] that neither [redacted] nor other Iranian officials in Tehran trust Ghorbanifar. [redacted]
- Finally, both of us know that [redacted] himself, is not intellectually astute enough to realize the importance of our contact nor the sincerity of our desire to establish an official government-to-government relationship.
- In short, this channel is not serving our mutual objective: the reopening of a strategic relationship with Iran.
- The President has directed that we will not proceed with any further receipt of funds from Ghorbanifar nor deliveries to [redacted] until we resolve these issues.
- Several months ago, I apprised you of a contact with the [redacted] of Rafsanjani. The USG decided to pursue this contact to determine its validity.
- We are confident that [redacted] the man I met with in Brussels, is indeed Rafsanjani's [redacted] and that he has been franchised to act as a liaison between the U.S. and Iranian governments.
- When Prime Minister Peres was in Washington last month, the President assured him that we are going to continue this effort as a joint project.
- I have been instructed to seek out a second meeting with [redacted] as soon as it can be set up and that I will act as the U.S. intermediary until we establish direct contact with government officials from our side.

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N 9109

~~TOP SECRET~~

3

SENSITIVE

- Once we have established direct USG contact with the [redacted] we intend to introduce you into this process under the same conditions as obtained when you went to Tehran with us.
- Based on my one initial meeting with [redacted] and the intelligence we have been able to collect, we believe that this contact may well prove to be the one that both your government and mine have been seeking.

(Remember Nir has been told that you "came upon" [redacted] as a consequence of looking into the possible diversion of TOWs through [redacted] during an investigation undertaken in late July/early August.)
- While we explore the sincerity of [redacted] and confirm his ability to speak for the Iranian government, we want to keep the Ghorbanifar/[redacted] channel on "hold."
- To that end, we have told Sam -- who is in the hospital -- he is to contact [redacted] and tell him that:
 - there must be a meeting with [redacted] before we proceed any further;
 - the issue of the two new hostages has become a strong, negative factor in proceeding at all;
 - this matter (the two new hostages) must be resolved before we will take any further steps for any further deliveries;
 - the problem is not the merchant and his financing, but rather the two new hostages;
 - contrary to what he [redacted] may expect, there will be no further deliveries until we have met and resolved this matter;
 - we have asked [redacted] to meet with us in Frankfurt on October 9 -- we do not yet have an answer.
- I intend to meet with [redacted], somewhere in Europe or Turkey, hopefully this week. I will then report back to Washington on my findings and a follow-on meeting will be set-up -- in which we will attempt to have you included.
- I want to caution you, however, that in my meeting in Brussels [redacted] indicated that he and others in Tehran are aware that you are an Israeli -- and knew it when you went to Tehran.

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SENSITIVE

- Neither of us want this contact, if it is indeed what I think it to be, to founder because of this.
- I have been instructed to find a way to have you in the meeting in which Goode and Sam will serve as the USG representatives.
- If my meeting with [REDACTED] this week goes well, I would expect that all of us could meet with him next week.
- In the interim, if [REDACTED] does indeed agree to meet with us under the conditions we have established, we should proceed with that meeting.

Approved _____

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Exhibit 6
RESULTS OF TEL AVIV / JERUSALEM
MEETINGS - 5 OCT 86

H 02618

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1. ARR TEL 5/1330L. Met by NIR
2. Meeting at NIR's home 1415-1600 and done by hotel
 - Presented Itr and went thru talker
 - NIR claimed possible problem w/Itr although he was flattered.
 - NIR suggested summary of talker be prepared for forwarding to PM along w/Itr. I prepared the summary
 - NIR determined PM not available until 6 Oct in PM. Suggested we see [REDACTED] whom I had met earlier in London.
3. At 2000 NIR & I went to dinner and further reviewed situation. Then drove to Jerusalem to meet [REDACTED]
4. Met [REDACTED] home starting at 2300L for 1 hour.
 - [REDACTED] took all points and read the materials. He said he would brief PM at 0900 just before PM's final cabinet meeting. Thought President's ltr was good. I carefully explained talking pts.
5. Throughout our discussions NIR frequently stated to [REDACTED] of COGSA; his financial plight, etc.
 - Inconsistently, NIR said COGSA wanted to finance buying of 207 for stationing in Israel
 - NIR also pushed hard for T72M-1/T74 deal.
6. We clearly have problem to confront re promise to NIR and inclusion in "NEXT" mty w/ [REDACTED]

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NOTES @ 4/23/74

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H 0261

For not they believed this US group was making valid effort. Spots of relationship, i.e. too much for depth of relationship, i.e. not a proper foundation. Relationship attempts go well back, i.e. as far back as [redacted]

[redacted] This was opening to Western world [redacted] [redacted] for this time. In [redacted] again make attempt.

[redacted] also come into picture. Then [redacted] result of all these efforts, + [redacted], plus our gp + [redacted] under consideration -- all contributed to getting us here today. You must realize that a gov't would create an organization to evaluate all such events (and even events such as [redacted] as advisors). In process of selecting best of these overtures/events, then come to conclusion that best way is to Gov't to Gov't relations (eliminate misunderstandings, & several benefits). To achieve this they had to start searching but a USC had to select right contacts.

i. much in common; but here one difference: some things US reach were not within Iran's reach. They could only deal through in few areas, e.g. behavior. And they realize the efforts US had to make & they feel they have good knowledge of US's problems on this project. To illustrate, they have carefully evaluated verbiage of the various problems, [redacted]

[redacted] Iran wanted to be sure that relationship would have greater value than mercantileism.

[redacted] was to support [redacted] words. Exp. he came to conclusion that relationship was at the level of merchants. But has now reached stage where change is needed. To make this change of attitude in TTR has been very hard. And even G. moves very valuable as a catalyst.

I accept this.

I have been assigned as extraordinary Rep to deal w/ US. He recognizes & understands US has sensitive T's re info & what is this cooperative org of Iran; they do not wish to hide the onerous and difficulties internally. However, you should know that senior members of GSI support this coop but it must be kept secret until it blossoms. Iran trying to move in his middle market, e.g. effort in bringing delegation to TTR at that level -- working in private coalition to make fruit ripe. Should know that [redacted] was on record opposing the high level delegation; personally, they thought they were going to be in TTR, but they were not against diplomats.

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OU:

we perceived insult for fact that delegation did not meet with PM, et al as promised before the U.S.T. I nearly got fired because of my urging that RCM go to THH. ~~After~~ 3rd day RCM very upset. We recognize there are opportunities to relationship inside both same abiding in USG, even in White House area. MOU in THH was drafted as attempt to move process along and acc to our understanding of Galt desires. Pres's senior advisors as a result of this, advised against further efforts.

All this means was more people increasingly aware of these efforts. So we must get this thing moving sensibly before it leaks.

Expressed conviction that phase calls and proof steps will be set up to handle the problem.

(Then moved colloquy re Iranian National Hospitality)
THEN NO-RE-ED TO SET AG-AND

WE HAVE WHOLE LIST OF SUBS (LEB, ARMS ETC). Then went to hear our SUBS.

Albert

Then issues are same as ones and in detail.

MEETING ENDED ~ 0100

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7/10/55 MEETING RECONNAISSANCE

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02621

effort of our pen we can quickly resolve issue of hostages.
He worries about future of US in US

1. seizure of 2 new hostages has been big problem

will return to the same later. They will solve this problem. If US
takes care of 1 issue (ISRAEL). Stop financial support of ISR, 1st, don't
publicize this support.

US must not only look to own interests but also interests of KKK, in
etc. out of work to avoid being known as US agents. Must
for secret again. Then exposed super secret matter is not of
US support for ISR.

2. Operation on recent US entry in US since '82. Two individuals
role of. Re a review in later US acts and an explanation to hostages.

3. Situation is that potential problems in US since 5th June or 13th.
Typically, US action made out of sense of disaster as killing of hostages.

4. Responded that as cannot solve DOWS prisoner issue but IR can.
Means that US cannot solve further w/Kommit.

5. The 1st incident was 2 days ago. 17 prisoners were released. 21 more held
An attack against 5th of September

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- WE NEED TO GET ~ 150K
FOR NEXT OF -KIN [REDACTED]
- WILL PROBABLY USE FOREIGN CURRENCY

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IR has explained to SMHA that US is trying to help but the
 US don't believe US doing all it can but IR believes US is
 actively helping -- perhaps not with all your juice. But if US
 increased its efforts w/IR, it would help in LF. This was
 IR that high profile re KU & USC would help - he will
 go back & explain this to LF.

... being all we can

SM, IR wants a rational relation w/ all nations except those who
 have alien ideology. IR Debb & S. Hussein, the revolutionary people
 of IR are same as Iran's, if US can cooperate, IR will
 use all its power to resolve all red all outstanding
 issues. After going thru again, we should set as a target &
 develop some guidance re IR. He has asked for US help

in a positive way. At talk by Refsonji illustrated that he
 Iran wants coop [redacted] Kuwait matters stressed
 over & over -- do not take lightly -- ~~that~~ party described as
 real problem is one which has threat acts of SOV influence.
 Tell your boss 5:00pm now he. We want yr cont, recognize our
 appreciation that RCH sent to THH ... the transacted with
 need for our help in supplying some war materials. People of IR
 superficially consider US a problem. Now an appeal to [redacted]
 Nayt [redacted] & Gorbachev. Don't want him for don't
 they must be eliminated. Also cannot guarantee need to almost
 IR cannot even be sure about IR then other sources must
 should try.

-- we should continue to act as the newspaper man or
 press he is suddenly being profitable situation. They is
 keep him in structure & use him.

We won't turn him. We helped get him out of Swiss jail. He is
 involved in big \$4m fraud. Is game involved.

Re [redacted]: There will be a man strong & prepared to turn w/
 we understand but wonder about his competence.

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Next let's talk about various TOW matters, eg, TTX
for [REDACTED] we in process of clearing
these contacts.

N: Have you ever gotten a TOW for anyone besides us?

NEXT MICAREBUT: Absolutely rejects claim that TOW connected us,
shipment of arms to MICAREBUT via KCEB.

N: we'll give you some info

[REDACTED]
[REDACTED]

N:

• Back to T-12 -- very sensitive matter & has approval in principle
there is. To further relationship TOW prepared to give the TTX.
At this stage we'll get more details.

• RE SECURE comes -- approval, details to come from [REDACTED]

• Back of a new magazine healthy, reflecting new gp.

N: Sought more info as to identity of this new gp.

• Healthy (a) not in [REDACTED] (b) not from gp.

N:

• Is it possible new gp is system design? ANS: NO, because it has already changed
SQR RE Security plan. N: But agree
Don't agree.

SNACKS

N: Had to advise pass on who were you with Iren --
need to know for [REDACTED] [REDACTED] [REDACTED]

-- All things you have asked as possible,

[REDACTED] Everything consistent
by Washington's source after we report

-- we were significant later [REDACTED] [REDACTED]
let it with you

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- 3 US CTS involved
- Pilot & copilot dead
- Ground crew dead
- 1 pilot reported alive
- Cooper has very little family
of whom -- I think a daughter only
- Copilot has wife in Thailand & father in Canada;
has some female girl friend at Cincinnati & she
already making calls to us. I've asked Robert
to get [redacted] to run this off. Don't think
others are big problem
- Live Rivers wife is a problem but may not
know much.

H 02625

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N: What practical things can we do to get on with strategic relationship?

- you ask for intel, we're ready to start
- you ask for weapons we will get them
- certain items for your list are more than others; we're ready to start on easier items
- you asked really for info I can get it

02626

In 40 democracy we have peripheral problem & it is obvious. Since is that, in order to ~~progress~~ progress, we would have a set of events to present to PHS.

12 position is: we have a number of items in our hands. Now the set: 25 x 25 - 500 barrels

N: Let's go by chronological order. I already started to pack 500 tons of remainder of tank parts (250 tons parts & 250 of 250 & balance then explained in detail to PHS. REPAIRS. Additionally, we have more tons free willing to help Iran defend itself. Also there was a deal for the national for 500,000 something and different. Also, I think as I indicated in [redacted] about a year ago, anything is possible & we do not want to compromise ourselves or you.

We are moving today in 500 tons, have changed order of priority in it of \$, tons are \$8.

N: Give two weeks at year 8 and it

about most for the money.

N: Give two to get next package. Then based on this a house in [redacted] Iran free, not want us think you would be a day because some people list of [redacted] is recommended to you [redacted] as one [redacted] which would allow [redacted] to [redacted]

N: Tried to convince [redacted] of necessity to get [redacted] hostages in order to gain sufficient leverage [redacted] enable US to help Iran get items she wants. Explain our [redacted] will [redacted] to help in [redacted] sectors as well as [redacted]

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RECOMMEND

LIKEWISE, WE DO NOT WANT TO LIE IF
 THE HOSTAGES ARE QUICKLY RELEASED, THE
 PRESS WILL MOVE QUICKLY TO QUESTION OUR
 MOTIVES AS MANY OF THESE WAGONS, PARTS AND
 AMMO IS POSSIBLE, WITH POLITICAL COVER OF
 HOSTAGE RELEASE, WE CAN DO THIS.

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3RD SESSION 8/10/90

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H 02628

opens, stating that he thinks we have a strong and positive relations will result. - see session 1. Notes that this new channel will support all one of be much better - in Iran side has full authority. Notes that they do not have authority here to discuss high political meeting. Iran will go T-72 tank, unconditionally. [redacted] will discuss details. IF NO agreement, then we go to leadership and do it fast. ISSUE OF 500 TONS EXTREMELY IMPORTANT. WHAT HAPPEN. REMAIN 20000 & handle TONS.

Consider exchange of intel, T72's, TONS as agreed. (this of course not true)

Interrupts; since foundation of our talks rest on definition of "honorable victory", we must clarify this matter. Does it mean S. Hussein out? military victory? Terminating seizure to increase pressure? Bottom line -- we both agree that SAODAH MUST GO.

N:

Disagrees saying we know S. Hussein must go. Cannot give exact, step-by-step sequence. Generally, outline follows three pts I gave you last time. We need high level Gov't-to-Gov't discussions; we need to change perceptions in Arab world; we need to convince Arabs that Iran not a threat; we didn't have relations w/ Iraq before war -- would rather have relations w/ you. We can go [redacted] & assume them. We cannot go forward until we remove obstacles.

you must clearly understand the following pts are not non-negotiable we should take back 1,500 back, come up w/ 3d list.

- 1) ~~not given us by [redacted] want time shed; & outline on how to achieve [redacted] 1st. All three [redacted]~~
- 2) Iran will influence release of 1 hostage after delivery of " #1,

* correction: also with shipment of Hawk spares

- 3) 2 parties will set time table & plan for exchange of intel & set of location where this will take place & w/ immediate return of [redacted] Iraq. [redacted] & US will provide [redacted] that Iran needs [redacted] 1,500 tons w/ 114 delivered.

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- e) Iran will influence LEBANON and will PROMISE them on behalf of USG that Kuwait will RELEASE Dawa & then 2 more US hostages are released, (promise to be -- defined in political realm).

(also states that other Western hostages are b/c of the issues -- avoid countries with broad scope regions)

- 5) [redacted] 1st: Shipments will be affected based on mutually agreed quantity & quantity. will start planning to find other 2 hostages.
- 6) US will contact KU & make sure no difficulties & release of prisoners will begin.
- 7) Wants help on Hague

Then followed [redacted] clarifications: A. Release of KU prisoners & release of remaining US hostages must be correlated. B. Putsch not to be included C. Upper echelon meeting to be discussed D. RE LEBANON and LEBANON.

H. 02629

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SUMMARY of THREE PAGES WHICH WERE
DELIVERED TO NK SA SECT 96 34
HAS BEEN SECURED

CARLTON HOTEL

TEL. 1

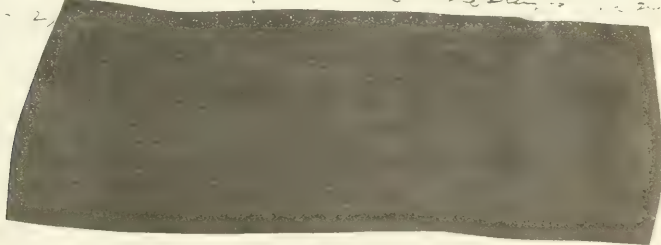
N 02610

- OBJECTIVE OF THIS MISSION IS TO MAINTAIN
OUR CONTROL OF EVENTS IN THIS JOINT
EFFORT TO ESTABLISH A STRATEGIC RELATIONSHIP
WITH RAN.

- SINCE PRESIDENT MET WITH THAI AT
LAST MONTH IN WASH, 2 ^{foreigners} ^{received}
have ~~cancel~~ ~~us~~ to ~~refuse~~ ^{cancel} our
game plan.

- 1) To taking of a new strategy...

- 2)



- It is to have no incident out to receive a
new strategy plan [redacted] - incident can be a
new hostage problem -- is involved with the
right commitment that is rule hostages is unaffordable

we have proposed to [redacted] a plan to have
meeting to try and resolve the issue

- It is to have a meeting on [redacted] plan
see [redacted] has decided that we should [redacted]

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THE CARLTON HOTEL

TEL AVIV

11 0255

~~TOP SECRET~~

to determine the validity of this new
contract -- [REDACTED]

Rafsanjani (head of the Mojahedin), we expect
to have a meeting with [REDACTED] and other
representatives of the Iranian Government in
Europe or Istanbul within the next weeks.

- THIS, since these developments have occurred
since PM NASR'S visit to Washington, the
President has it advisable to send
messengers to Israel with specific ^{invited} talking
points and an ~~authorized~~ ^{authorized} personnel to the
U.S. The President wants clearly to
convey the U.S. desire to maintain our
joint US/Israel ~~approach~~ ^{approach} team approach
on strategic issues.

- We may be growing a new channel. But
even the President wants clearly to convey
US desire to maintain the joint US/Israel team
approach to this project.

-- if a new channel is established Mr. [REDACTED]
can act with the President in the name of
the President. New channel would be subject
to review by the President and his staff.

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02632

The President has asked ~~that~~ ^{me} ~~me~~ ^{to} deliver
a personal, unclassified letter ^{to} which
expresses his appreciation for ~~the~~ past
efforts and ~~states~~ ^{states} his desire to
continue on jointly in the same ~~source~~.

Obviously, the President could not include
~~the~~ the foregoing points in his letter. He
chose instead to send an unclassified,
signed letter and a separate, classified, bulky
package ~~of~~ ^{by means of} ~~the~~ ^{expressing his appreciation to}
~~appreciation to Israel thru Harkis~~

The President reaffirms ~~to~~ his confidence
to the PM that this continues to be
a joint venture.

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Ex. 7

SEE SOURCE DOCUMENT VOLUME, CHAPTER 22, FOOTNOTE 10.

TOP SECRET UNCLASSIFIED

12 Aug 86

10-10-10-10

Extracts from the First page report of [REDACTED] dated 8-10-86

H 02606

Exhibit G-1
6-1-87
RAT

Name
Age
Place of Birth
Education
Marital Status

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Claims having good contact with West faction

B. General picture of the political status (the different groups)

1. Number one man with absolute power continues to be known. He personally supervises the work of all group leaders.

After his death [REDACTED] could reach an agreement with [REDACTED] and [REDACTED] will be [REDACTED]

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Classified/Released on [REDACTED]
under provisions of E.O. 12356
by [REDACTED] National Security Council

Partially Declassified/Released on 4/25/87
under provisions of E.O. 12356
by K. Johnson, National Security Council

5332

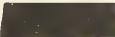
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H 02607

C. Relation (or lack of it) of U.S./Iran.

A number of people at different occasions contacted different numbers of the Iranian government (in foreign countries) trying to create some kind of relation between the two countries (more or less along the line which we are pursuing). No results.

D.  recommendations:

1. Do not try to contact  prematurely this will endanger him for positioning himself in the government.
2. Gain Iranians' trust by supporting them in:

- a. The Hague
- b. Military Aid
- c. Intelligence

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~~TOP SECRET~~ 02608

about [redacted] Charbonvillat, Israeli connection
and his groups financial extravagance.

Corba was mostly categorized as a crook.

[redacted] is wealth of current info but also
volunteers to discuss hostage matter and
USG connection with [redacted] during next
10 days. He will then come back out to
meet with us. [redacted] stated categorically
he would not screw up [redacted]
efforts but would carefully examine them
for feasibility. [redacted] will recommend 2
courses to [redacted] a. assist in [redacted] efforts
to free hostages or b. [redacted]

[redacted] suggests there are specific things we can
do at the Hague and in Voice of America
programming to help start good US/ISRAEL
dialogue -- he will give as documents at
next meeting.

3. There are specific supply matters that
occur to me, as worth pursuing after
next meeting^{11:00 AM} -- I will detail these for you
later. "I: they like oil barter.

4. My judgement is that we have opened up
a new and better channel into Iran. This
connection has been effectively recruited and wants
to start dealing. Recommend you plan on attending
next session along with [redacted]

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H 02609

[REDACTED] claims he can be of great assistance in establishing the right re-
lution. The Hague, he claims, is the best avenue.

NOTE: The report goes into detail regarding the above 3 items.

E. [REDACTED] recommendations:

Try everything not to lose this man if he can not be a represen-
tative of [REDACTED]

P.S. [REDACTED] participated with [REDACTED] for release of Hostages.
The release of the rest is possible.

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26

AUG 86

UNCLASSIFIED H 02610

3 long meetings (total circa 8 hrs) with Iranian groups
visiting in BRUSSELS. Meetings took place 25 AUG in 3 squares
IRANIAN SIDE WAS

RAFSANJANI

one side included me (true
name), ABE (true name) and [redacted] an agent. Meeting
constituted comprehensive tour de force regarding Iran/I
war, Iranian views of US & other western policies, Soviet
activities, activities of nearly all important Iran govt
figures, hostage matters, activities in THE HAWK, and
Iranian forces equipment & logistical shortages.

2. Special interest items included claim that
in [redacted] and a [redacted]
and trying to meet with [redacted] - he
declined. [redacted] is a very sharp
[redacted] (no English).

claimed Rafsanjani
now heads Supreme war council and aims to rearm
war but in more favorable military situation than currently
existing. They badly need air defense items, armor and
armor spares, tanks, ambulances, helo spares and intel.
I told them all things were negotiable if we
clear hostage matter quickly. [redacted] knew great deal
about MCP/MSU MSU & TIF, he was involved

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